



# STATE OF MICHIGAN

Wage and Hour Division

PO Box 30476

Lansing, MI 48909

517-284-7800

## ***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 =             | \$ .27       |
| Dental insurance           | \$31.07 monthly premium X 12 mos. = \$372.84 /2080 =   | \$ .18       |
| Vision insurance           | \$5.38 monthly premium X 12 mos. = \$64.56/2080 =      | \$ .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 =    | \$ .16       |
| Tuition                    | \$500.00 annual cost/2080 =                            | \$ .24       |
| Bonus                      | 4 quarterly bonus/year x \$250 = \$1000.00/2080 =      | \$ .48       |
| 401k Employer Contribution | \$2000.00 total annual contribution/2080 =             | \$ .96       |
| Total Hourly Credit        |  | <hr/> \$3.65 |

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



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**OPERATING ENGINEERS CLASSIFICATION DESCRIPTIONS**

|                  |   |  |
|------------------|---|--|
| <b>Class I</b>   | Asphalt Paver (self-propelled)<br>Asphalt Planer (self-propelled)<br>Asphalt Plant Operator<br>Auto-Grader<br>Blade Grader Operator<br>Batch Plant (concrete-central mix)<br>Backhoe (with over 3/8 yard bucket)<br>Bulldozer Operator<br>Concrete Pump 3" and over<br>Conveyor Loader Operator (euclid type)<br>Crane Operator<br>Dragline Operator<br>Elevating Grader Operator<br>End-loader Operator (1 yard capacity or over)<br>Slip Form Paver<br>Finishing Machine Operator (asphalt)<br>Gradall Operator (and similar type machines)<br>Hoisting Engineer<br>Hydro demolisher (water blaster)<br>Locomotive Operator<br>Mechanic | Paver Operator (5 bags or more)<br>Pump Operator (6" discharge or over, gas, diesel powered, or generator of 300 amp or larger)<br>Pile Driving Operator<br>Roto Mill<br>Roller Operator (Asphalt)<br>Side Boom Tractor (type D-4, equivalent or larger)<br>Self-Propelled or Tractor Drawn Scraper<br><br>Slurry Machine (asphalt)<br>Swinging Boom Truck (over 12 ton capacity)<br>Shouldering or Gravel Distributing Machine Operator (self-propelled)<br>Shovel Operator<br>Side Boom Tractor (type D-4 or equivalent or larger)<br>Tractor Operator<br>Trenching Machine Operator (ladder or wheel type)<br>Tube Finisher (slip form paving)<br>Farm type tractor with attached pan |
| <b>Class II</b>  | Sweeper (wayne type & similar equipment)<br>Screening Plant Operator<br>Washing Plant Operator<br>Crusher Operator<br>Vacuum Truck Operator   | Backhoe (with 3/8 yard bucket or less)<br>Side Boom Tractor<br>(smaller than D-4 type or equivalent)<br>Batch Plant (concrete-dry mix)   |
| <b>Class II</b>  | Grease Truck  |  |
| <b>Class III</b> | Air Compressor Operator (600 cfm or more)<br>Air Compressor (2 or more, less than 600 cfm)<br>Concrete Breaker<br>Tractor Operator (farm type with attachments)<br>Wagon Drill Operator   |  |
| <b>Class IV</b>  | Boiler Fireman<br>Oiler<br>End-loader Operator (under 1 yard capacity)<br>Roller Operator (other than asphalt)<br>Curing Equipment Operator (self-propelled)<br>Concrete Saw Operator (Over 40 HP)<br>Power Bin Operator<br>Plant Drier Operator (asphalt)<br>Vibratory Compaction Equipment (6' wide or over)<br>Guard Post Driver Operator<br>All Mulching Equipment<br>Boom or Winch Hoist Truck Operator<br>End Dumps   | Stump Remover<br>Skid Steer<br>Fireman<br>Mechanic's Helper<br>Trencher (service)<br>Flexplane Operator<br>Cleftplane Operator<br>Grader Operator Self-propelled Fine-Grade or Form (concrete) Finishing Machine Operator (concrete) Concrete Pump (under 3")<br>Farm Type Tractor Operator<br>Mesh Installer (self-propelled)   |



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**LABORERS CLASSIFICATION DESCRIPTIONS**

- Class 1** Asphalt Shoveler or Loader, Asphalt Raker Tender, Asphalt Plant Misc., Railroad Track and Trestle Laborer, Burlap Man, Carpenter's Tender, Top Man, Yard Man, Guard Rail Builder's Tender, Earth Retention Barrier and Wall and Mechanically Stabilized Earthen Wall Installers Tender, Highway and Median Barrier Installer's Tender (including Sound, Retaining and Crash Barrier), Fence Erector's Tender, Dumper (wagon, truck, etc.) Joint Filling Labor, Misc., Unskilled Labor, Sprinkler Labor, Form Setting Labor, Form Stripper, Pavement Reinforcing, Handling and Placing (e.g. wire mesh, steel mats, dowel bars, etc.) Mason's or Bricklayer's Tender on Manholes, Manhole Builder, Headwalls, etc., Waterproofing (other than buildings), Seal Coating and Slurry Mix, Shoring, Underpinning, Bridge Painting, etc. (spray, roller and brush) Sandblasting, Pressure Grouting, and Bridge Pin and Hanger Removal, Material Recycling Laborer, Horizontal Paver (brick, concrete, clay, stone and asphalt) Ground Stabilization and Modification Laborer, Grouting, Waterblasting, Sign Installer and remote control operated equipment.
- Class 2** Mix Operator (less than 5 sacks), Air or Electric Tool Operator (jack hammer, etc.), Spreader, Boxman (asphalt, stone, gravel, etc.), Concrete Paddler, Power Chain Saw Operator, Paving Batch Truck Dumper, Tunnel Mucker (highway work only), Concrete Saw Operator (under 40 H.P.), Dry Pack Machine and Roto-Mill Grounds Person.
- Class 3** Tunnel Miner (highway work only), Finishers Tender, Guard Rail Builder, Highway and Median Barrier Installer, Fence Erector, Bottom Man, Powder Man, Wagon Drill and Air Track Operators, Curb and Side Rail Setters' Tender, Diamond & Core Drills, Earth Retention Barriers, Walls and Mechanically Stabilized Earthen Wall Installer (including sound, retaining and crash barrier), grade checker and certified welder.
- Class 4** Asphalt Raker
- Class 5** Pipe Layers, Oxy-gun
- Class 6** Line-Form Setter for Curb or Pavement and asphalt screed checker/screw man on asphalt paving machines.
- Class 7** Concrete Specialist, finishing and troweling, of cast in place or precast concrete by any and all methods.



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**OVERTIME PROVISIONS FOR Road Builder PREVAILING WAGE RATE SCHEDULE**

1. 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        |
| 9 <sup>th</sup> Hour  | 1                  | 5        |                   |          |
| 10 <sup>th</sup> Hour | 2                  | 6        |                   |          |
| Over 10 hours         | 3                  | 7        |                   |          |

Overtime for Monday thru Friday after 8 hours:

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

Overtime on Saturday:

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

Overtime on Sunday & Holidays

- the 8<sup>th</sup> character is for time worked on Sunday or on a holiday

4 Ten hour days @ Straight Time

The 9<sup>th</sup> 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. **To utilize a 4 ten workweek, notice is required from the employer to employee prior to the start of work on the project.**

2. Overtime Indicators Used in the Overtime Provision:

H -means TIME AND ONE-HALF due

D -means DOUBLE PAY due

X means TIME AND ONE HALF due after 40 hours worked

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 optional 4-day 10-hour per day workweek can be worked without paying overtime after 8 hours worked

3. EXAMPLES:

HHHHHHDDY - This example shows that the 1½ rate must be used for time worked after 8 hours Monday thru Friday (characters 1 - 3) and for all hours worked on Saturday, (characters 4 - 6), except hours worked after 10 hours on Saturday (7<sup>th</sup> character). Work done after 10 hours must be paid at the double time rate. Work done on Sunday or holidays must be paid double time (character 8). The Y (character 9) indicates that 4 ten-hour days is an acceptable alternative workweek at regular pay.

HHHHHHHHY means that the 1½ rate must be used for time worked after 8 hours worked Monday thru Friday (characters 1-3); and for any hours worked on Saturdays, Sundays or holidays (characters 4-8). The Y (character 9) indicates that 4 ten-hour days is an acceptable alternative workweek at regular pay.

**XXHXXHDY this example allows 4 ten hour days Monday thru Saturday to be worked. Hours worked beyond ten Monday thru Saturday OR hours worked after 40 hours in one week must be paid at time and one half. Sunday or holiday hours must be paid at double.**