

What is prevailing wage?

Prevailing wage is the minimum hourly wage employers must pay certain workers who work on state-funded construction projects or others projects covered by the law ([MN Statute 177.41 through 177.44](#)).

How are prevailing wages set?

State law requires each wage rate be based on the actual wage rates paid to the largest number of workers within each labor classification reported in the statewide survey. The prevailing wage can differ in different counties across Minnesota.

What type of projects are required to use prevailing wage?

Prevailing wage applies to construction work that could include building, restoration, and enhancement projects. The work being done is the main factor for determining if a project is subject to prevailing wage.

How is prevailing wage enforced?

The Minnesota Department of Labor and Industry (DLI) is the state agency responsible for enforcing prevailing wage laws for all non-highway-related construction projects. Most investigation are initiated as a result of a noncompliance complaint.

How do I determine if prevailing wage applies to my grant?

DLI can assist a contracting authority determine if prevailing wage applies to a specific project funded in whole or part with state dollars. Each grant may have multiple projects. For example, some grants can have several restoration projects in different locations in different years. Before asking for bids, you must determine if prevailing wage rates apply for each individual project within the grant by:

- Submitting a *Prevailing Wage Project Assessment* to DLI along with your accomplishment/work plan, RFPs/bid documents (if applicable), and any other information that describes the project so that DLI can provide an informed response. Include your Grants Specialist's contact information in your request.
 - If DLI determines that prevailing wage applies, you can ask them to assist with the classification of labor by providing information about the work and equipment/tools used to complete the work by using DLI's *Classification Clarification Request Form*.

What if DLI determines that prevailing wage applies to my project?

If DLI determines that projects within your grant are subject to prevailing wage it will change aspects of the grant including:

Bidding/Awarding of Contract

- If the size of the project requires a written bid solicitation, you will have to include prevailing wage information in your RFPs and other bid documents so prospective bidders understand they will have to use prevailing wage in their bid.
 - You will have to check submitted bids to ensure that the most current wage rates are incorporated into bid before awarding a contract.
- You are required to include the following clause in any sub-contract regardless of size:
Pursuant to Minnesota Statutes 177.41 to 177.44, and corresponding Minnesota Rules 5200.1000 to 5200.1120, this contract is subject to the prevailing wages as established by the Minnesota Department of Labor and Industry. Specifically, all contractors and subcontractors must pay all laborers and mechanics the established prevailing wages for work performed under the contract. Failure to comply with the aforementioned may result in civil or criminal penalties.

During Project

You are required to collect certified payroll reports using DLI's *Certified Payroll Form* demonstrating prevailing wage compliance.

After Project

You are required to retain prevailing wage payroll information with the other grant records for 6 years from the end of the grant agreement.

What records do we need to retain to document that we followed to prevailing wage laws?

DNR Grant Unit Requirements for Monitoring

- If you are unsure if prevailing wage applies to your building, restoration, or enhancement project, you are required to retain a copy of the Project Assessment Form that was reviewed by DLI.
- If your project is subject to prevailing wage, you are required to maintain the following for each sub-contract:
 - A copy of your RFP (if applicable) that indicated the working being bid is subject to prevailing wage.
 - A copy of the sub-contract with the prevailing-wage contract clause.

DLI Requirements

- Certified payroll reports. This is a two-part form that includes a Statement of Compliance.

For More Information

Contact DLI: Email: dli.prevwage@state.mn.us, Phone: (651) 284-5091