JENNIFER M. GRANHOLM
GOVERNOR

Michigan Department of Energy, Labor & Economic Growth
Wage & Hour Division
PO Box 30476
Lansing , MI 48909-7976
517.335.0400
www.michigan.gov/wagehour

STANLEY 'SKIP' PRUSS
DIRECTOR

Informational Sheet: Prevailing Wages on State Projects

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

The Michigan Department of Energy, Labor & Economic Growth 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 Wage & Hour Division. 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.

A violation of Act 166 will result in the contractor's name being added to the Prevailing Wage Act Violators List published on the division's website. This list includes the names and addresses of contractors and subcontractors the division has found in violation of Act 166 based on complaints from individuals and third parties. The Prevailing Wage Act Violators List is intended to inform contracting agents of contractors that have violated Act 166 for use in determining who should receive state-funded projects.

DELEG is an equal opportunity employer/program.
Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.