

Prevailing Wage Laws for Construction Projects

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What are Prevailing Wage Laws?

- ▶ Prevailing wage laws require that contractors and subcontractors must pay workers employed on certain public construction projects not less than the locally prevailing wages and fringe benefits that are paid to workers performing corresponding work on similar projects in that area.
- ▶ Federal vs. State prevailing wage laws
 - ▶ Davis-Bacon and Related Acts (DBRA)
 - ▶ Congress extended the Davis-Bacon Act prevailing wage requirements to numerous other laws (e.g. Federal-Aid Highway Act) that provide federal assistance for construction through loans, grants, loan guarantees, and insurance.
 - ▶ State prevailing wage laws or “Mini Davis Bacon” laws
 - ▶ Vermont is one of 26 states with a state prevailing wage law

Davis-Bacon and Related Acts: Coverage and Requirements

- ▶ What Contracts are Covered?
 - ▶ Generally applies to contractors and subcontractors performing on federal and federally assisted contracts in excess of \$2,000.
 - ▶ Covers contracts for construction, alteration, or repair projects of public buildings or public works.
- ▶ What are the Requirements?
 - ▶ Contractors and subcontractors are required to pay laborers and mechanics performing work on the project not less than the prevailing wages and fringe benefits that are listed in the Davis-Bacon wage determination in the contract.
 - ▶ Wages and benefits must be paid on all hours worked on the site of the work.

Davis-Bacon and Related Acts: Prevailing Wage Determinations

- ▶ The Davis-Bacon prevailing wage is the combination of the basic hourly rate and any fringe benefits listed in a Davis-Bacon wage determination.
- ▶ The U.S. Department of Labor's Wage and Hour Division (WHD) determines prevailing wages by obtaining and compiling wage rate information through surveys.
- ▶ WHD uses survey results to make "general" wage determinations that reflect rates prevailing in a specific geographic area for the type of construction described.
- ▶ Contractors and other interested parties are encouraged to participate in the survey process but it is not mandatory.

Vermont's Prevailing Wage Law: Coverage and Requirements

- ▶ Who is Covered?

- ▶ Applies to a construction worker performing work on:

- ▶ Any State project with a construction cost exceeding \$100,000; or

- ▶ A construction project with a construction cost exceeding \$200,000 which is authorized and is at least 50% funded by a capital construction act.

- ▶ Does not apply to maintenance or construction projects carried out by the Agency of Transportation and by the Department of Forests, Parks and Recreation.

- ▶ What are the Requirements?

- ▶ All construction employees working on a covered project are required to be paid no less than the mean prevailing wage published periodically by the Vermont Department of Labor and an additional fringe benefit of 42 and one-half percent of wage, as calculated by the current Vermont prevailing wage survey.

Vermont's Prevailing Wage Law: Prevailing Wage Determinations

- ▶ Vermont prevailing wages are determined based on the geographic area in which the work is performed and on the employee's occupational title.
- ▶ Vermont is divided into three geographic area for determining prevailing wage rates (Burlington-South Burlington Metropolitan New England City and Town Area, Southern Vermont Area, and Northern Vermont Area)
- ▶ The Vermont Department of Labor determines prevailing wages through a periodic survey called the Occupational Employment and Wage Survey.