

Prevailing Wage

Effective Date: 07/01/2018

Process

The Minnesota Board of Water and Soil Resources provides state funds to local governments through a grant agreement. Within these grant agreements, there is a section on prevailing wage which states:

Prevailing Wage

For projects that include construction work of \$2,500 or more, prevailing wage rules may apply per Minn. Stat. §177.41 through 177.44. Consequently, bid requests must state the project is subject to prevailing wage. These rules require that the wages of laborers and workers should be comparable to wages paid for similar work in the community as a whole.

Minnesota's Prevailing Wage laws are administered by the Department of Labor and Industry (DLI). According to DLI, "Prevailing wage is the minimum hourly wage employers must pay certain workers who work on construction projects where state dollars are used to fund the construction. The prevailing wage includes the employer's cost of benefits." In addition, prevailing wage applies to any construction project that is funded in whole or in part with state funds. Prevailing wage law may apply in situations in which the grant recipient is the direct contracting authority with a private contractor **and** in situations in which the local government provides a contract to a landowner or other entity who in turn hires a private contractor to work on the installation of a conservation project or other construction project.

According to Minn. Stat. §177.43, subd. 7, prevailing wage law does not apply to a contract, or work under a contract, whereby:

- (1) the estimated total cost of completing the project is less than \$2,500 and only one trade or occupation is required to complete it, or
- (2) the estimated total cost of completing the project is less than \$25,000 and more than one trade or occupation is required to complete it.

One of the ways DLI administers the Prevailing Wage Law is through a complaint driven process in which DLI receives a complaint and then determines if the complaint warrants the opening of an investigation. When DLI determines that an employer has been paying less than the prevailing wage "DLI requires the employer to pay back-wages to the worker to make up the difference." DLI "can also require the employer to pay penalties for failure to comply with the prevailing wage law."

For any questions regarding Prevailing Wage laws and more information, please visit the DLI Prevailing Wage website at: <http://www.dli.mn.gov/LS/PrevWage.asp> or contact:

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Prevailing Wage
443 Lafayette Road N.
St. Paul, MN 55155
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Grantees may also want to request assistance from their legal counsel.

History

Description of revisions	Date
Updated language	7/01/2018