



"It is in the public interest that public buildings and other public works be constructed and maintained by the best means and highest quality of labor reasonably available and that persons working on public works be compensated according to the real value of the services that they perform. It is therefore the policy of this state that wages of laborers, workers, and mechanics on projects financed in whole or part by state funds should be comparable to wages paid for similar work in the community as a whole."

Minn. Stat. 177.41

What is Prevailing Wage?

- Prevailing Wage means that construction workers on publicly financed construction projects are paid wages comparable to the wages paid for similar work in the area where the construction project is located.
- The federal prevailing wage is known as the Davis-Bacon rate. Minnesota, 30 other states and the District of Columbia have their own prevailing wage laws. Many cities, counties, and school districts have prevailing wage requirements and policies for their local construction projects.
- Minnesota determines prevailing wages for each of the 147 job classifications that are commonly used on construction projects throughout the state.

Why Prevailing Wage?

- Prevailing Wage promotes the use of local workers by requiring that the contractor who wins the project bid pay local wage rates.
- Prevailing Wage creates a uniform "specification" for labor in the bidding process allowing contractors to compete for public projects not on the cheapest labor, but on such qualities as skill, productivity, innovation, and management abilities.

What are Some Benefits of Prevailing Wage?

- Prevailing Wage supports the state economy by promoting the use of local contractors and employees on state construction projects.
- Prevailing wage coincides with higher levels of skill and training. In states with prevailing wage requirements, enrollment in apprenticeship training programs is 82 percent higher, and graduation rates for apprentices are twice as high.
- Prevailing wage coincides with safer workplaces. In states that repealed their prevailing wage requirements, injury rates on construction sites rose as much as 14 percent.
- Prevailing wage results in more construction workers having their own health insurance, rather than shifting the burden to other employers or to the public as a whole. In states that repealed prevailing wage requirements, 79 percent of construction workers lost access to health insurance.
- Prevailing Wage contributes to higher productivity and quality work by requiring contractors to rely on those factors in their project bids.

QUALITY CONSTRUCTION COALITION

830 Transfer Road St. Paul, Minnesota 55114

Dick Anfang, Co-Chair

Gary Thaden, Co-Chair

How are Prevailing Wages Determined?

- Minnesota conducts a survey each year of private and public construction work. In general, the Prevailing Wage is the wage rate paid to the largest number of workers engaged in the same class of labor in the same area.
- Minnesota certifies over 4,100 prevailing rates per year.
- For commercial building construction, prevailing wages are established county by county. For highway and road construction, prevailing wages are established for 10 Minnesota Department of Transportation regions.

How is the Prevailing Wage Paid?

- Based on the surveys, the state certifies a wage rate, a fringe benefits rate, and a total rate for each job classification in each area. Contractors on qualifying public construction projects must pay the total rate for the type of work each employee performs.
- Contractors who provide health, pension and training benefits can get credits for the cost of those benefits toward the total prevailing wage rate.
- Apprentices in a state-certified apprenticeship training programs are paid a percentage of the prevailing wage rate, according to their level of experience, until they complete their training.

Common Questions about Prevailing Wage

- **Does Prevailing Wage Increase Construction Costs?**
You can find studies on both sides of the argument. However, in 2007, the nonpartisan Minnesota Office of the Legislative Auditor said the most comprehensive studies “have found that prevailing wage laws do not have a statistically significant impact on overall construction costs.”
- **Is the Prevailing Wage the same as the Union Wage?**
Prevailing wage is not a union vs. nonunion issue; it’s an issue of local standards. In 2005, 50.03% of Minnesota’s prevailing wage rates were union rates, 49.97% were not.
- **Does Prevailing Wage Import Higher Public-Sector Costs into the Private Sector?**
Prevailing wage rates are based entirely on actual wages already being paid to construction workers in their communities. Prevailing Wage applies only to publicly financed construction and is not required on private sector projects.