



Prevailing wage on public projects: What contractors and employers need to know

Minnesota Statutes § 177.41-177.44

Labor Standards Division
Wednesday, April 22, 2026

Labor and Industry (DLI) business areas

- Apprenticeship Minnesota
- Construction Codes and Licensing Division
- Labor Standards
- Minnesota OSHA (MNOSHA) Compliance
- MNOSHA Workplace Safety Consultation
- Projects and planning
- Workers' Compensation Division



Labor standards enforced by DLI

- Minnesota Fair Labor Standards Act
- Women's Economic Security Act
- Child Labor Standards Act
- Minnesota Prevailing Wage Act
- Wage Theft Prevention Act
- Earned Sick and Safe Time
- Other laws related to employment, wages, conditions, hours.



Think about it (warm-up)

How many lakes does Minnesota have?

Introduction and agenda



Prevailing-wage policy

Contracts and bidding

Certified prevailing-wage rates

Enforcement

Prevailing-wage public policy statement

Minnesota Statutes § 177.41

"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 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.**" [Emphasis added.]

DLI's role

- Survey and certify annually for wage rates paid on private and public construction projects
- Survey annually for truck operating costs for Minnesota Department of Transportation road and highway projects
- Conduct training and outreach to contractors and contracting authorities
- Perform on-site project interviews and investigations
- Receive and investigate complaints about prevailing-wage violations



Prevailing-wage surveys

<https://www.dli.mn.gov/business/employment-practices/prevailing-wage-annual-statewide-survey>

Think about it #1

Who can submit a survey providing rates to the Department of Labor and Industry?

1. A worker
2. A county highway department
3. An employer
4. All of the above

Annual construction survey



- **Surveys** are voluntary and those that participate may set the prevailing wage rates where they do business.
- **Prevailing-wage survey forms** are specific to a project (both private and public). A separate form should be submitted for every project where work was performed during the survey period.

Annual construction survey, continued

- Notification period: DLI provides a 60-day mailed notification before the close of the annual survey. The notification period is from April 6, 2026, to June 5, 2026.
- Reporting period: Work performed April 7, 2025, to June 4, 2026.
- Visit our Annual statewide survey page.
- Email: pwsurvey.dli@state.mn.us.



Contracts and bidding

What is a project?

"Project" means demolition, erection, construction, alteration, improvement, restoration, remodeling, or repairing of a public building, structure, facility, land, or other public work, which includes any work suitable for and intended for use by the public, or for the public benefit, financed in whole or part by state funds. Project also includes demolition, erection, construction, alteration, improvement, restoration, remodeling, or repairing of a building, structure, facility, land, or public work when the acquisition of property, predesign, design, or demolition is financed in whole or part by state funds.

What is a contracting authority?

Any state governmental entity providing funding or an entity that is the recipient of state funding, such as a grant, loan or direct appropriation from the Legislature. The Department of Administration also establishes master contracts with approved vendors.

- Direct funding from or a contract with a state agency, such as the Department of Employment and Economic Development, the Department of Natural Resources, Minnesota Pollution Control Agency, Minnesota Housing Finance Agency and the Department of Administration.
- Direct funding from the Legislature.
- Pass-through funding to a municipality or other entity.

Statutory authority

Statute: 177.43 CONTRACTS FOR STATE PROJECTS; PENALTY.; Subd. 3. Contract requirements.

- The contract must specifically state the prevailing wage rates, prevailing hours of labor, and hourly basic rates of pay.
- The contracting authority shall incorporate into its proposals and all contracts the applicable wage determinations for the contract along with contract language provided by the commissioner of labor and industry to notify the contractor and all subcontractors of the applicability of sections [177.41](#) to [177.44](#).
- Failure to incorporate the determination or provided contract language into the contracts shall make the contracting authority liable for making whole the contractor or subcontractor for any increases in the wages paid, including employment taxes and reasonable administrative costs based on the appropriate prevailing wage due to the laborers or mechanics working on the project.
- The contract must also provide that the contracting agency shall demand, and the contractor and subcontractor shall furnish to the contracting agency, copies of any or all payrolls not more than 14 days after the end of each pay period. The payrolls must contain all the data required by section [177.30](#). The contracting authority may examine all records relating to wages paid laborers or mechanics on work to which sections [177.41](#) to [177.44](#) apply.

Contracting authority's responsibility for bids and contracts

“The contracting authority shall incorporate into its proposals and all contracts the applicable wage determinations for the contract.”

- Contracting authorities are required to include all applicable wage rates into the bidding information for a project (not a link).
- Wage rates are locked in at the time of the bid, based on the current available prevailing-wage rates. These rates typically last the entirety of the project, unless the contract is not fully executed and DLI has certified new rates or issued a correction.

Required contract clause

Contract clause:

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.

Think about it #2

What type of wage rates should be incorporated into a contract when the project is construction of an apartment building with 16 units and four stories in height under Minnesota's prevailing-wage law?

1. Residential
2. Commercial

Commercial construction

"Commercial construction" means all building construction projects exclusive of residential construction.

"Residential construction" means all construction, remodeling or repairing of single or two-family homes and structures appurtenant thereto including agricultural or farming buildings appurtenant to private farm residences when utilized to carry on primary farming operations.



Highway and heavy construction

"Highway and heavy construction" means all construction projects which are similar in nature to those projects based upon bids as provided under [Minnesota Statutes, section 161.32](#) for the construction or maintenance of highways or other public works and includes roads, highways, streets, airport runways, bridges, power plants, dams and utilities.



Contractor and subcontractor responsibility

- Contractors must provide wage determinations to all subcontractors involved in a project.
- Contractors should contact the contracting authority for any missing rates that have not been assigned in writing by DLI.
- The contract must also provide that the contracting agency shall demand, and the contractor and subcontractor shall furnish to the contracting agency, copies of any or all payrolls not more than 14 days after the end of each pay period.

Posting prevailing-wage rates is required

Minnesota Statutes, section 177.43, subdivision 4

“...Each contractor and subcontractor performing work on a public project shall keep the information posted on the project in at least one conspicuous place for the information of the employees working on the project...”

Contractor and subcontractor best practices

- Read the full bid document and contract before bidding or signing agreements
- Review the prevailing wage certification incorporated into the bid and contract
- Inform employees of their labor classification and hourly rate as well as employer paid fringe benefits. This must be in writing in advance of work performed.
- Post the prevailing wage certification in an area of the project site where your employees have access
- Complete certified payroll reports no more than 14 days after each pay period
- Pay workers the total wage rate and overtime for all hours worked each pay period

Forms and resources

Certified payroll and statement of compliance forms may be specific to the contracting authority.

These forms are all project specific and ideally should be submitted prior to bid advertisement:

- Request for rate assignment
- Classification and code clarification
- Project assessment

Department of Labor and Industry
Labor Standards Division, Prevailing
Wage unit

443 Lafayette Road N.
St. Paul, MN 55155

Email: dli.prevwage@state.mn.us

Phone: 651-284-5091



Certified prevailing-wage rates

Prevailing-wage rates

The contractor can comply by paying the following hourly rates:

- \$34 as a wage, plus \$16.90 in fringe benefits;
- \$50.90 as a wage, with no fringe benefits;
- \$33 as a wage, plus \$17.90 in fringe benefits; or
- >\$34 as a wage, plus \$16.90 in fringe benefits

For work classification descriptions for laborers, [see Minnesota Rules 5200.1101.](#)

For work classification descriptions for special crafts, [see Minnesota Rules 5200.1102.](#)

Think about it #3

Do you think per diems and cell phone reimbursements are costs an employer can claim as bona fide fringe benefits?

1. Yes
2. No

Bona fide fringe benefits



Contributions paid by the employer for:

- Medical, dental, life insurance
- Disability or accident insurance
- Pension or retirement plans
- Apprenticeship training programs
- Vacation, holiday or paid time off (PTO)
(cannot be lost or forfeited)

Earnings statements (pay stubs)

Minnesota Statutes, section 181.032 (a)-(c) – REQUIRED STATEMENT OF EARNINGS BY EMPLOYER

Written or electronic statement covering that pay period, and must include:

- Name of employee
- Rate(s) of pay
- Meal/lodging allowances, if any
- Total hours worked by employee
- Total gross pay earned
- Telephone number of employer
- List of deductions from pay
- Family and Medical Leave deductions for premiums
- Net pay after deductions are made
- Date which pay period ends
- Legal name of employer

Employee notice

Minnesota Statutes, section 181.032 (d) – NOTICE TO EMPLOYEE

At the start of employment, employer shall provide employee with a written notice containing:

- Rate(s) of pay and basis for the pay
- Meal/lodging allowances, if any
- Paid vacation, sick time, other PTO accruals and terms of use
- Employee's employment status (exempt from min wage, OT, etc)
- List of deductions
- Number of days in pay period, regular pay day, day of first pay earned
- Legal name of employer and operating name of employer, if different
- Employer's physical address and mailing address, if different and telephone number

Written notice to employees of rate changes

- Employees must be provided written notice of changes to the initial notice
- A change to the rate or rates of pay is considered a change
- Prevailing wage rates for projects must be provided to employees via a written change notification
- A written change notice can be provided in hard copy or electronically
- Simply referring employees to a job posting is not sufficient to meet the change notice requirement

Dual rates contained in one wage rate



- A rate for a particular labor code may contain a dual set of rates
- Second rate: A scheduled increase established in a union contract
- Both rates apply to that labor code classification
- Work crossing over the second date: Must be paid the increase

706 CEMENT MASONS	2024-12-23	41.44	23.06	64.50
	2025-05-01	43.98	23.49	67.47

Cost thresholds +/- within wage rates

- Cost threshold to the left of the effective date: Total project cost
- Total project cost > \$760,000: First set of rates apply
- Total project cost < \$760,000: Second set of rates apply

<u>LABOR CODE AND CLASS</u>		<u>EFFECT DATE</u>	<u>BASIC RATE</u>	<u>FRINGE RATE</u>	<u>TOTAL RATE</u>
LABORERS (101 - 112) (SPECIAL CRAFTS 701 - 730)					
101 LABORER, COMMON (GENERAL LABOR WORK)	+\$760,000	2024-12-23	30.14	22.76	52.90
		2025-05-01	32.09	23.92	56.01
	-\$760,000	2024-12-23	25.62	22.71	48.33
		2025-05-01	27.28	23.82	51.10

Revisions to certified prevailing wage rates

- Revised wage rates: When there is an error to published wage rates, DLI will issue a correction.
- Notification of the correction: Published in the *State Register*.
- Revised rates published on DLI website: Revision date becomes the effective date for that particular revision.
- Current revisions can be found on our [Notifications page](#).

U.S. Department of Labor (USDOL): Davis Bacon Act versus Minnesota Prevailing Wage Act

USDOL

- Four construction types: Residential, building, highway and heavy
- Overtime after 40 hours in a week
- Wage conformance after contract award
- USDOL has adopted Minnesota's wage rates but check sam.gov for federal projects.

Minnesota Prevailing Wage Act

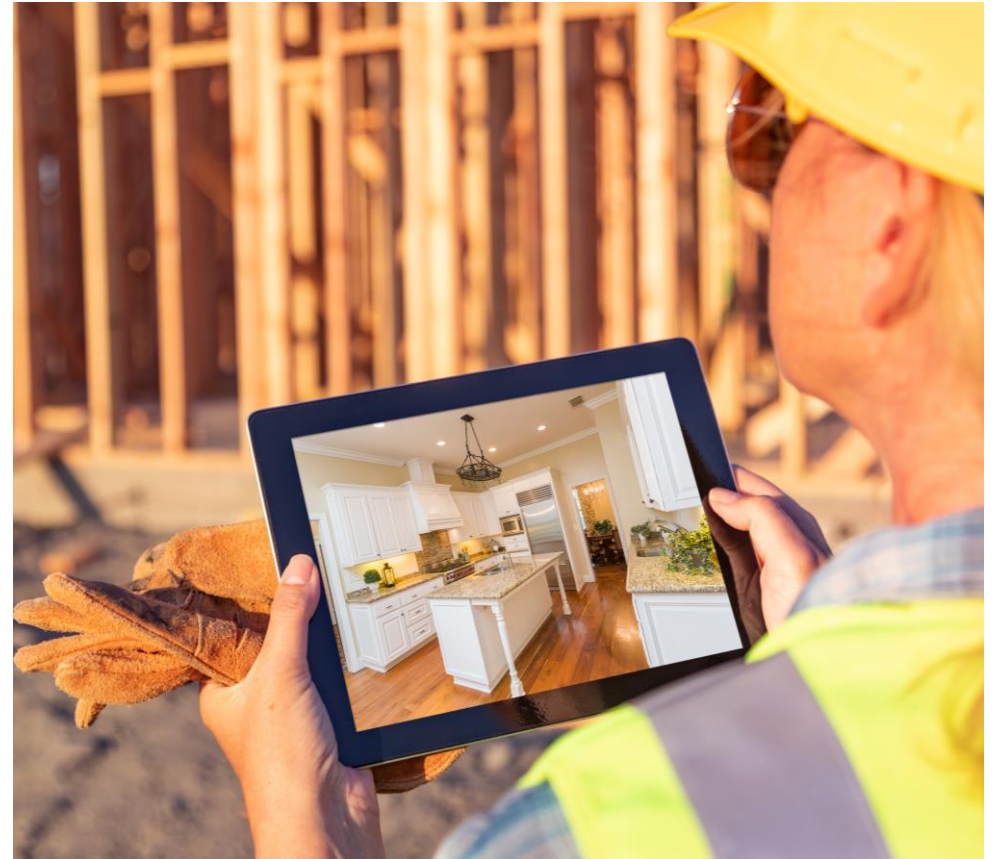
- Three construction types: Residential, commercial, highway and heavy.
- Overtime after eight hours a day on a prevailing-wage project. Overtime after 40 hours in a workweek. No pyramiding.
- Classification clarification and rate request before bid – if possible.
- Wage rates must be incorporated into all bids and contracts, not linked.



Prevailing-wage enforcement

Enforcement

- On-site visits and worker interviews
- Worker complaints
- Information received from third parties
 - Contracting authority, engineer, architect, municipality
- Employer submits records demanded related to workers on the project
- Notice of findings or compliance order



Think about it #4

It is summer and my staff want to work four 10-hour days without overtime.
Can we agree to that if it is in writing?

1. Yes
2. No

Common violations

- Labor code misclassification
- Paying helpers or trainees as laborers
- Not making timely fringe benefit contributions
- Not paying apprentices the prevailing wage rate when working out of ratio
- Not paying scheduled rate increases
- Not paying overtime after eight hours in a day on the project
- Banking overtime hours
- Not reporting all workers on site
- Not reporting and paying owners for their work on site

Responsible contractor requirements



The "responsible contractor" requirements [Sec. 16C.285 Minnesota Statutes](#) include Minn. Stat. §§ 181.03 (prohibited wage practices and retaliation), 181.101 (payment of wages) and 609.52, subd. 2 (19) (criminal wage theft) in the list of laws that contractors must verify they are in compliance with and have not violated during the past three years to be considered eligible to bid on public contracts.

Sign up for updates and newsletters

- [Sign up to receive prevailing-wage updates.](#)
- [Sign up to receive updates about our truck operating cost survey.](#)



Questions?



For prevailing-wage questions,
contact 651-284-5091
or dli.prevwage@state.mn.us.

For prevailing-wage survey questions,
contact 651-284-5192
or pwsurvey.dli@state.mn.us

Thank you



PREVAILING WAGE

Prevailing wage is the minimum hourly wage and benefits employers must pay workers on construction and public works projects funded by state dollars.

If you are working on these types of projects and have questions, contact the Minnesota Department of Labor and Industry's Labor Standards Division at 651-284-5091 or dli.prevwage@state.mn.us.



dli.mn.gov/prevailing-wage

mn DEPARTMENT OF
LABOR AND INDUSTRY
LABOR STANDARDS



SALARIO PREVALECIENTE

Salario prevaleciente es el salario mínimo por hora y los beneficios que los empleadores deben pagar a los trabajadores en proyectos de construcción y obras públicas financiados con fondos estatales.

Si está trabajando en este tipo de proyectos y tiene preguntas, comuníquese con la División de Normas Laborales del Departamento de Labor e Industria de Minnesota al 651-284-5091 o dli.prevwage@state.mn.us.



dli.mn.gov/prevailing-wage

mn DEPARTAMENTO DE
LABOR E INDUSTRIA
NORMAS LABORALES

Learn more

- Stay up to date with the Labor Standards by signing up for the “Wage and Hour Bulletin.”
- To sign up, visit dli.mn.gov/bulletin or scan the QR code.



Wage and Hour Bulletin



Upcoming webinars



May 6

Youth at work: Understanding Minnesota's youth employment laws



May 12

Employment law basics for small businesses in Minnesota

May 20

Guia esencial de la ley laboral para pequenos Negocios en Minnesota



To register, visit dli.mn.gov/events.

Send us your feedback

Scan the QR code or [visit the form online](#).



Thank you for attending

Contact Labor Standards at 651-284-5075 or dli.laborstandards@state.mn.us.