



# Minnesota Prevailing Wage Act

Minnesota Statutes § 177.41-177.44

Email questions to: [DLI.prevwage@state.mn.us](mailto:DLI.prevwage@state.mn.us)

# Introduction and agenda



Prevailing-wage policy and survey

Contracts and bidding

Certified prevailing-wage rates

Enforcement

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# 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.]

# Department of Labor and Industry (DLI's) role

- Survey 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
- Certify wage rates annually for state-financed or funded 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

Email questions to: [DLI.prevwage@state.mn.us](mailto:DLI.prevwage@state.mn.us)



# Annual construction survey (one of three)

- **Surveys** are used to develop a database upon which to determine prevailing-wage rates for those classes of labor expected to be used on a public works or public construction projects.
- **DLI** must maintain the survey reports according to the county or area in which the project was performed.
- **Workers** listed as apprentices, helpers, supervisors, owners or trainees will not be counted with the survey and should not be reported.
- **Minnesota rules** were promulgated for the purpose of providing procedures for the prevailing-wage survey.

# Annual construction survey (two of three)



- **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 (three of three)

- **Notification period:** DLI provides a 60-day mailed notification before the close of the annual survey. The notification period is from April 7, 2025, to June 6, 2025
- **Reporting period:** Work performed April 7, 2024, to June 6, 2025
- **[“Annual statewide survey” webpage](#)**
- **Email:** [pwsurvey.dli@state.mn.us](mailto:pwsurvey.dli@state.mn.us)



# 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.



# Basis for prevailing-wage survey data

## Commercial and residential

- Minimum project cost of \$2,500.
- May be private or public work.
- Each worker reported must have a minimum of eight hours on the project.
- Wages are certified by county.

## Highway and heavy

- Minimum project cost of \$25,000.
- May be private or public work.
- Each worker reported must have a minimum of eight hours on the project.
- Wages are certified by region, of which there are 10 predefined regions in the state.





## Contracts and bidding

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# 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.

# 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.

# 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.
- 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 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.*

# Contractor and subcontractor responsibility

- Contractors should contact the contracting authority for applicable rates, if the rates are missing.
- Contractors must provide rates to all subcontractors.
- Subcontractors should contact their general contractor if the rates are missing.
- 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.

# 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 completed prior to bid advertisement:

- Request for rate assignment
- Classification clarification
- Project assessment

Department of Labor and Industry  
Labor Standards Division, prevailing-wage section

443 Lafayette Road N.  
St. Paul, MN 55155

Email: [dli.prevwage@state.mn.us](mailto:dli.prevwage@state.mn.us)

Phone: 651-284-5091



## Certified prevailing-wage rates

Email questions to: [DLI.prevwage@state.mn.us](mailto:DLI.prevwage@state.mn.us)



**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

Work classification descriptions for laborers: [Minnesota Rules 5200.1101](#)

Work classification descriptions for special crafts: [Minnesota Rules 5200.1102](#)

# 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 (cannot be lost or forfeited)

# 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

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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

- *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: Found published on the [“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](https://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

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# 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



# 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 8 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

- [Prevailing-wage updates](#)
- [Truck operating cost survey](#)



# Questions?



For prevailing-wage questions,  
contact 651-284-5091  
or [dli.prevwage@state.mn.us](mailto:dli.prevwage@state.mn.us).

For prevailing-wage survey questions,  
contact 651-284-5192  
or [pwsurvey.dli@state.mn.us](mailto: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](mailto:dli.prevwage@state.mn.us).



[dli.mn.gov/prevailing-wage](https://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](mailto:dli.prevwage@state.mn.us).



[dli.mn.gov/prevailing-wage](https://dli.mn.gov/prevailing-wage)

**mn** DEPARTAMENTO DE  
LABOR E INDUSTRIA  
NORMAS LABORALES