



MINNESOTA PREVAILING WAGE AND ECONOMIC DEVELOPMENT Guide for private projects receiving state financial assistance

WHAT IS PREVAILING WAGE?

Prevailing wage is the minimum hourly wage employers must pay workers who perform work on construction projects where state dollars are used to fund the construction, installation and repairs. Prevailing wage rates are determined through a voluntary survey of contractors conducted annually by the Minnesota Department of Labor and Industry (DLI) and are enforced by the department. The wage rates include the employer's cost of voluntary, nonmandated benefits, such as vacation or sick leave and health insurance.



WHO MUST BE PAID THE PREVAILING WAGE?

Any worker who is working directly on the project performing construction, installation, remodeling and repairs for which financial assistance was or will be provided. This includes contractors, subcontractors and any employees who are employed by the business receiving the assistance whenever they work on the project.



WHAT TYPES OF ECONOMIC DEVELOPMENT CONSTRUCTION PROJECTS REQUIRE WORKERS TO BE PAID THE PREVAILING WAGE?

Prevailing wage rates are required to be paid on an economic development project if that project receives or will be receiving state assistance in the form of a tax incentive, a grant of at least \$200,000 or a loan of \$500,000 or more. The person receiving financial assistance must certify to DLI in writing that laborers on the construction site will be paid the prevailing wage rate.

WHAT ARE THE WAGE RATES AND WHERE DO I FIND THEM?

State financial assistance recipients must communicate prevailing wage rates to contractors in writing prior to contractors proposing project estimates. Wage rates must be incorporated into all proposals and contracts that will be receiving state financial support. Certified rates are subject to change annually and are made available on DLI's website at www.dli.mn.gov/business/employment-practices/prevailing-wage-information. Developers must use the certified rates in place at the time their request for proposal or bid is advertised. The following language has been developed by DLI to be included in contracts subject to Minnesota prevailing wage:



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.

WHAT HAPPENS IF WORKERS EARN LESS THAN THE PREVAILING WAGE ON A CONSTRUCTION PROJECT THAT IS SUBJECT TO PREVAILING WAGE REQUIREMENTS?

DLI requires employers 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. DLI visits project sites and interviews workers to ensure prevailing wage compliance.

WHERE CAN I GET MORE INFORMATION?

Contact DLI with questions about prevailing wage applicability at (651) 284-5091 or dli.prevwage@state.mn.us.

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