

What is prevailing wage?

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If you're in the construction business and you work on a government project, then you are subject to paying employees the prevailing wage for that job. The prevailing wage is established by regulatory agencies, including State Departments of Labor, for each trade and occupation working on a public job in a particular area and represents the required compensation, including hourly wages, fringe benefits, and overtime.

According to the Davis-Bacon Act, federal government construction contracts (and contracts for federally-assisted construction over \$2,000) require workers on-site to be paid no less than the local prevailing wages and benefits paid on similar projects. Signed Certified Payroll Reports are required to be submitted to establish compliance with the prevailing wage rates.

There are several variables which influence the government wage determination pay rate: specific job (Job ABC), work class (carpenter, plumber, etc.) , state in which work is being performed, prevailing hourly rate (may be higher than base rate), and fringe rate (hourly amount applied to benefits).

Most Time and Attendance systems are not designed for these complexities:

- rates based on multiple variables, such as location, contract/project, job task.
- effective dated rates into the future.

Adding further complexity, the prevailing wage rates for a multi-year contract typically specify the future rate increases for the life of the contract (e.g. Prevailing wage rates increase 12/31 of each year).

Example of a prevailing wage scenario:

For a government funded highway project that spans different cities in New York, the prevailing wages will vary based on the job and location. E.g. a supervisor on the project may earn \$57/hour when working on the project while in Manhattan and \$43/hour when working on the same project in Albany, NY.

How can IDI help?

IDI can automate your time-consuming processes and help prevent a Department of Labor violation! Our Time Bank™ Prevailing Wage Rates solution is designed for companies working on government projects that require paying a job and location-specific wage for worked performed, including the corresponding fringe rate, and who have been relying on spreadsheets and manual calculations.

When Time Bank is run at the end of the pay period, it retrieves the time and labor information from the time system and associates the specific rates of pay and fringe earnings with the certified job and worker classification. After determining rates, Time Bank calculates the weekly average rate of pay, or FLSA rate, used for all overtime hours in accordance with FLSA guidelines.

With the click of a button, Time Bank reads the rates from a stored user-maintained table or from a client-provided comma-delimited file, the calculation is made, and the results are passed to payroll.

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ADDITIONAL RESOURCES:

[IDI Prevailing Wage Rates Solution Overview](#) 

[Department of Labor](#)

[IDI Construction Solutions Video](#)

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