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Prevailing Wage

The Department of Labor & Industries (L&I) administers the prevailing wage law to prevent substandard earnings and preserve local wage and benefit levels for workers on public works projects.

What prevailing wage is

The prevailing wage law is designed to protect workers' wages and benefits. It sets a minimum hourly rate of wages, benefits, and overtime that contractors must pay workers on public projects. This ensures workers receive a standard rate of wages and benefits established for the same work in their locality. It also ensures all contractors competing for public works projects pay their workers the same wage rate.

Washington's prevailing wage law was passed in 1945. It is partly modeled after the federal Davis-Bacon Act, passed by Congress in 1931 to preserve the local wages of workers hired for federal public works projects.

Only certain wages are affected

Washington's prevailing wage law applies only to the wages contractors pay for construction, alternation, repair, and improvement projects funded by state or local governments.

Prevailing wage does not apply to regular wages of workers employed by government, or to work that is clerical, executive, administrative, or professional in nature.

Participating people and groups

- **Workers:** Workers are assured they will be paid the prevailing wage, benefit level, and overtime for their locality.
- **Contractors:** Bidders on public works projects are assured a level playing field because all contractors must pay their workers the same wage rate. Contractors help establish the prevailing wage by participating in wage surveys. Contractors must file the appropriate paperwork for public works contracts, pay the prevailing rate, and provide L&I certified payroll records when requested.
- **Public agencies:** Agencies contracting for work are assured contractors are competing based on expertise and efficiency, rather than on low bids resulting from low worker wages.

Determining prevailing wage rates and job classifications

L&I determines prevailing wage rates for each trade and occupation involved in public works in each of Washington's 39 counties. The agency uses surveys, scope of work descriptions, letters of determination, intents and affidavits, and certified payrolls to make these determinations.

Surveys

L&I conducts surveys to collect data on wages and hours worked. The agency identifies companies to survey by searching industrial insurance, licensing, and file records. The companies are then invited to submit information about wages, benefits, and number of hours worked for a particular occupation in the largest city in a county.

L&I uses the survey data to calculate prevailing wage rates for each work classification (such as carpenters, electricians, laborers, etc.) in each Washington county.

After completing a three-year internal and external review of its prevailing wage survey process in 2014, L&I expects to resume surveys by 2015.

Scope of work descriptions

A scope of work description is a detailed description of the tasks that define each trade or occupation requiring a prevailing wage. Scope of work descriptions help workers, contractors, and others ensure the correct wage rate is being paid for the work performed.

L&I develops scopes of work through the rulemaking process, in consultation with labor and industry groups. Washington has defined more than 60 scope of work descriptions. These are available online at www.lni.wa.gov. Type *scope of work* into the search box.

Determination letters

A determination letter is a detailed analysis of the prevailing wage requirements that apply to a specific situation. L&I prepares determination letters to provide guidance to employers about how prevailing wage law applies to specific circumstances on a public works project.

For example, a contractor unsure of the prevailing wage for workers installing a city storm drain system could ask L&I for a letter of determination. The contractor would provide L&I with a description of the work to be performed. L&I would gather information by visiting the site or talking to stakeholders. L&I's industrial statistician would use the information gathered to write a formal determination of the required wages, often in consultation with labor and industry groups. Letters are usually provided within 60 days of receiving a request.

Information in a determination letter might include:

- Whether prevailing wage law applies to specific work
- What the applicable rate is for the work
- Whether residential rates can be used

L&I publishes determinations online and with the Code Reviser's Office so that contractors can determine the prevailing rate of wage when they develop bids for public works projects. In Fiscal Year 2012, 20 letters were completed and published.

Intents and affidavits

Statements of Intent to Pay Prevailing Wages (Intents) and Affidavits of Wages Paid (Affidavits) are forms public works contractors must file with L&I to document that they are paying workers the prevailing wage. L&I must approve these forms before releasing full payment for a public works contract.

Intents: An employer must file an Intent form with L&I immediately after being awarded a public works contract in order to be paid for any work. The form includes the occupations the contractor intends to use for the job, and their corresponding wage rates.

Affidavits: An employer must file an affidavit with L&I when the job is finished so that L&I can verify the employer paid the proper wages.

L&I's Prevailing Wage program processes about 10,000 of these forms each month.

Certified payrolls

Certified payrolls are payroll records contractors submit to verify they are complying with prevailing wage law. These records show the rates of wages, benefits, and overtime paid to each worker. Certified payrolls are required when requested by a contractor or subcontractor, their employees, employee organizations, or L&I.

A public works contractor must submit certified payroll records to L&I and the public contract awarding agency within 10 days of receiving a request, or be subject to possible fines and sanctions.

L&I delivered 206 requested certified payroll records in Fiscal Year 2013.

Updating prevailing wages

L&I updates prevailing wage rates every six months if wage rates are based on collectively bargained agreements. If an agreement calls for scheduled increases in wages and benefits, the associated prevailing wage rate will increase to match the agreement. If wage rates are not based on collectively bargained agreements, L&I updates them through the survey process described on page 2.

A list of all prevailing wage rates is available online at www.Lni.wa.gov. Type ***Prevailing Wage Rates*** into the search box.

Need more information?

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