

## **THE MICHIGAN PREVAILING WAGE ACT**

The State of Michigan's Prevailing Wage Law, Public Act 166 of 1965, became effective March 1966. The Act requires that certain wage and fringe benefit rates be paid on state construction projects. It establishes requirements and responsibilities for contracting agents who award state construction contracts, and contractors who are awarded state construction projects.

## **PREVAILING WAGE RATE SCHEDULES**

### **What is a prevailing wage rate?**

A "prevailing wage rate" is the hourly rate of wages and fringe benefits to be paid to a construction mechanic employed in a specific trade classification on a state project.

### **How does the Department of Energy, Labor & Economic Growth establish prevailing wage rates?**

The Department of Energy, Labor & Economic Growth is required by law to survey road construction and building trades union with collective bargaining agreements to obtain the basic hourly and fringe benefit rates provided in their contracts.

### **When are prevailing wage rates established?**

Road builder prevailing wage rates are established July 1 of each year.

Commercial building rates are established throughout each year.

Prevailing wage rate schedules may be obtained upon request by contacting the Wage & Hour Division at (517) 335-0400.

### **Which state construction projects are covered?**

The prevailing wage law covers new construction, alteration, repair, installation, painting, decorating, completion, demolition, conditioning, reconditioning, or improvement of public buildings, schools, works, bridges, highways, or roads authorized by a contracting agent.

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## **RESPONSIBILITIES**

### **The responsibility of the Department of Energy, Labor & Economic Growth includes:**

- Conducting surveys to determine the prevailing wage rate schedules
- Establishing prevailing wage rates for use on state construction projects
- Issuing prevailing wage rates

### **The Department may:**

- Inspect and audit payroll records of contractors to determine compliance
- Investigate complaints alleging non-compliance of the act

### **Who is covered?**

Any skilled or unskilled mechanic, laborer, worker, helper, assistant, or apprentice working on a state project is covered. A foreman, supervisor, executive, administrative, professional, office, or custodial employee is not covered.

### **The responsibility of the Contracting Agent includes:**

- Requesting from the Department of Energy, Labor & Economic Growth the prevailing wage rate schedule for all classifications that will work on a project
- Providing prevailing wage rate schedules for state funded construction when contracts are let out for bid

### **The Contracting Agent may:**

- Inspect payroll records of contractors
- Terminate a construction project for non-payment of prevailing wages

### **The responsibility of the Contractor includes:**

- Posting a prevailing wage rate schedule on the construction site
- Paying prevailing wages to construction workers
- Keeping a record of hours worked and wages and fringe benefits paid to construction workers
- Providing payroll records for inspection to the Department of Energy, Labor & Economic Growth, or the contracting agent, upon request

### **Construction Workers who have not received the prevailing wage rate may:**

File a complaint with the Department of Energy, Labor & Economic Growth if they have not been paid the prevailing wage rate on a state project.

## WHAT HAPPENS WHEN A COMPLAINT IS FILED?

An employee who believes he or she has not received the prevailing wage may file a written complaint with the Wage & Hour Division. The Department will conduct an investigation. Voluntary payment of monies due will be encouraged.

A person who has information of an alleged prevailing wage violation on a state project may file a complaint with the Wage & Hour Division. The department will investigate and attempt to resolve the complaint informally. During the course of an investigation, if the requested records and posting certification are not made available in compliance with Section 5 of Act 166, the investigation will be concluded and a referral to the Office of Attorney General for civil action will be made. The Office of Attorney General will pursue costs and fees associated with a lawsuit if filing is necessary to obtain records.

A violation of Act 166 will result in the contractor's name being added to the Prevailing Wage Act Violators List published on the division's website. This list includes the names and addresses of contractors and subcontractors the division has found in violation of Act 166 based on complaints from individuals and third parties. The Prevailing Wage Act Violators List is intended to inform contracting agents of contractors that have violated Act 166 for use in determining who should receive state-funded projects.

In addition to Prevailing Wages on State Projects, the Wage & Hour Division also administers these laws:

MICHIGAN MINIMUM WAGE LAW, PA 154 of 1964, establishes the minimum wage, overtime pay, record keeping standards, equal pay and permits sub-minimum wage payment for certain employees.

YOUTH EMPLOYMENT STANDARDS ACT, PA 90 of 1978, establishes standards and hours for the legal employment of workers less than 18 years of age.

PAYMENT OF WAGES AND FRINGE BENEFITS ACT, PA 390 of 1978, covers the time and manner for payment of wages and fringe benefits.

For information on the Prevailing Wages on State Projects or other laws administered by the Wage & Hour Division contact:

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AN OVERVIEW OF  
THE MICHIGAN  
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1965 PA 166, MCL 408.551 ET SEQ.

