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ESTABLISHING THE PREVAILING RATE**D5.00****Purpose**

To establish uniform criteria for determining and establishing prevailing rate schedules.

Responsibility

Wage and Hour is responsible for surveying, determining, compiling, establishing and recording rate information for the prevailing rate schedules for regular, overtime, and premium pay hours.

Policy

1. The prevailing rate shall be based on the hourly wage rates and fringe benefit data contained in collective agreements or similar wage setting documentation, submitted to Wage and Hour.
2. Wage and fringe benefit data shall be used only if submitted with a copy of a collective agreement or other similar wage setting documentation verifying rate authenticity.
3. Wage and Hour shall solicit information from bona fide organizations of construction mechanics and their contractor/subcontractors to gather all applicable agreements and addendums.
4. Prevailing rate surveys will not solicit information on journeyman to apprentice ratios and prevailing rate schedules shall not include journeyman to apprentice ratios.
5. The prevailing rate shall include, but is not limited to, the sum of:
 - The hourly wage
 - Vacation pay
 - Holiday pay
 - Health and welfare
 - Pension contributions
 - Supplemental unemployment benefits
 - Apprenticeship contributions
 - Labor management training funds
6. The prevailing rate shall not include:
 - industry advancement or promotion contributions (Appendix H, letter dated 10/13/1988)
 - uniform allowances
 - subsistence allowance
 - lodging
 - reimbursable business expenses
 - per diems
 - parking allowance
 - transportation

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7. The prevailing rate shall be computed at straight time, overtime and premium pay rates.
8. Commercial prevailing rates shall be determined and published. Road building prevailing rates shall be determined and published. Marine and Rail prevailing rates are part of the commercial rates.
9. Wage and Hour shall respond to requests for re-issuance of rates when requested by a contracting agent **prior to** the advertisement and/or invitation to bid or re-bid a state project.
10. Wage and Hour shall determine additional prevailing rates for specific classifications requested by a contracting agent **prior to** the advertisement and/or invitation to bid or re-bid a state project.
11. For purposes of establishing the prevailing rates, the area surveyed shall be defined as the smallest geographical unit, locale, or zone covered by a collective agreement.
12. In the absence of current or verifiable wage and fringe benefits data for recognized classifications, the rate shall be determined based on the rates of collective agreements in the nearest locality.

Application 1 – Steps used to compile rates

1. 1. Request bona fide organizations of construction mechanics and their contractor / subcontractors to submit any and all wage setting agreements.
2. Review all collective agreements and addendums.
3. Survey information verified by documentation received will be used to establish the prevailing wage rates.

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Application 2

The following example provides an application of policy 5 to determine the prevailing rate: This example represents information received from the survey process. For purposes of determining the prevailing rate for straight time hours, all contributions are added except Construction Industry Advancement Funds (CIAP). The prevailing rate would be \$49.07.

Inside Electrician

Base Rate	\$ 31.33
Vacation (14% of base)	4.39
Pension Defined Benefit	2.00
Pension Direct Contribution	1.17
Health and Welfare	8.25
National Electrical Benefit Fund (NEBF) (3% of base)	.94
Training (1% of base)	.31
School (1% of base)	.62
Labor Management Contribution Fund (LMCF)	.06
Industry Advancement (CIAP)	.10
TOTAL	\$ 49.17

Application 3

Fringe benefits described in a CBA are reviewed to determine the calculated overtime and premium rates. For this example only, the following scenario is provided; vacation is 14% of the base rate, pension and health and welfare contributions are set dollar amounts, and the NEBF, training and school contributions are a percentage of the base rate. The time and one half rate would be calculated as follows:

	Straight Time	When calculating time and one half	Time and one half
Base Rate	\$23.34	multiplied by 1.5	\$35.01
Vacation (14% of base)	3.27	14% of 35.01	4.90
Pension Direct Benefit	2.33		2.33
Pension Direct Contribution	1.17		1.17
Health and Welfare	3.35		3.35
NEBF (3% of base)	.70	3% of 35.01	1.05
Training (1% of base)	.23	1% of 35.01	.35
School (1% of base)	.23	1% of 35.01	.35
LMCF	.06		.06
TOTAL	\$34.68		\$48.57

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Application 4

Some agreements use hours worked and hours paid in provisions relating to certain fringe benefit contributions. Hours worked may mean the same fringe benefit contribution is required whether the hours worked are straight time or overtime. Fringe benefit contributions based on hours paid refers to the conversion of overtime hours to straight time hours and a fringe benefit contribution for each hour paid. For example, 4 hours of time and half overtime equates to 6 hours paid. A fringe benefit contribution for hours paid for 4 double time hours equates to 8 hourly contributions. When both terms are used in collective agreements, their intent should be verified.

SHEET METAL LOCAL #33

	<u>STRAIGHT</u>	<u>DOUBLE</u>
	<u>TIME</u>	<u>TIME</u>
Base rate	\$31.43	\$62.86
National pension (hours paid)	6.33	12.66
ANNUITY (hours paid)	1.00	2.00
Pension direct contribution (hours worked)	7.85	7.85
Health and welfare(hours worked)	6.95	6.95
Training(hours worked)	.18	.18
Apprentice fund (hours worked)	1.25	1.25
Labor Management Contribution Fund (LMCF) (hours worked)	.10	.10
Supplemental Unemployment Benefit Fund (SUB) (hours worked)	<u>.50</u>	<u>.50</u>
Total	\$55.59	\$94.35

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ISSUING OFFICIAL PREVAILING RATES**D5.01****Purpose**

To establish uniform criteria for issuing official prevailing rate schedules requested by contracting agents.

Responsibility

Wage and Hour staff is responsible for determining if the requestor is a contracting agent. Upon receipt of a request, designated staff is responsible for issuing the official prevailing rate schedules to contracting agents and keeping a log of all official rate schedules issued to contracting agents and a copy of rates on state projects.

Policy

1. Request for official rates can be made by email to whpwrequest@michigan.gov or by telephone.
2. A request received must include all of the following information:
 - a. Request date
 - b. Whether the requestor is a contracting agent (i.e. school, university or state agency, if not a contracting agent see policy D5.02)
 - c. Name and phone number of the person making the request
 - d. Email address where rate schedule is to be sent
 - e. Contracting agent name (public school, university or state agency)
 - f. Brief project description
 - g. Identify state project (i.e. school building, project #, type of work)
 - h. County(s) requested
 - i. Rate schedule(s) requested (commercial or road builder)
 - j. Any additional specific classifications needed (i.e. journey level classifications not included).
3. Wage and Hour shall issue **official** prevailing rates, which include an issue and expiration date, to **contracting agents only**.
4. Wage and Hour **shall not** issue official prevailing rate schedules to contractors, subcontractors, bidders, and the general public (see policy D5.02).
5. Specific rates for classifications requested by a contracting agent, **before the contract is let out for bid**, shall be added to the official rate schedules.
6. Official rate schedules shall be issued within 14 days from the receipt date of the request, except those rates, which must be determined by means of public surveys or public hearings.

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7. Official prevailing rate schedules for a project shall be provided to the contracting agent without charge.
8. Official prevailing rate schedules are fixed and apply for the duration of the project.
9. The 'Requirements of P.A. 166' document should be sent with each official rate schedule, (see Appendix E).
10. The rates on the Wage and Hour website are updated quarterly and are for general information purposes only.
11. Any request for a copy of a previously issued official or general information schedule must be in writing and be treated as a Freedom of Information Act request.

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ISSUING PREVAILING RATES – GENERAL INFORMATION**D5.02****Purpose**

To establish uniform criteria for distributing general information prevailing rate schedules requested by non-contracting agents (i.e. contractors, subcontractors, workers and general public).

Responsibility

Wage and Hour staff is responsible for determining if the requestor is not a contracting agent.

Policy

1. When Wage and Hour receives a request for a general information prevailing wage rate schedule, the requestor should be referred to the website. Prevailing rates are available for general information purposes from the Wage and Hour website, which are updated on a quarterly basis.
2. Wage and Hour shall distribute general information prevailing rates to non-contracting agents when a request for a more current rate schedule than what is available on the website. The request must have:
 - a. request date
 - b. Email address, name, address and phone number where rates are to be sent
 - c. county(s) requested
 - d. rate schedule requested (commercial or road builder)
3. No additions shall be made to general information prevailing rate schedules (i.e. additional classifications, rates, issue dates, etc.).
4. Wage and Hour shall respond to requests for general information prevailing rate schedules from the general public within 14 days.
5. Any request for a copy of a previously issued official or general information schedule must be in writing and will be treated as a Freedom of Information Act (FOIA) request.