

Prevailing Wage Compliance 2016

Prevailing Wage Components

Contract Documents

Wage Decisions

Wage Rate Interviews

Overtime

Certified Payrolls

Truck Drivers

*Adam Strong
Prevailing Wage Compliance Specialist
(517) 719-7344
stronga1@michigan.gov*



Application of Overtime (Davis-Bacon)

- Time and one half (or premium pay) must be paid for all hours worked after 40 hours.
- Fringe benefits must be paid for **ALL** hours worked on the site of work, including the overtime hours.
- Overtime is calculated using the half time premium on the “base rate” only.

The fringe benefits amount whether paid in hourly wages or in bona fide benefits is not included in the half time premium.

- In general, with few exceptions, overtime should not be computed on any amount less than the published base hourly rate.

Overtime and Fringe Benefits

- When computing overtime wages, the total wages paid must meet or exceed the combination stated in the contract: (Wage Decision)

$$(\$22.00 \times 1.5) + \$8.00 = \$41.00$$

- Regardless of what combination of fringes and hourly rate is used

84

Overtime Examples (Davis-Bacon)

The published hourly rate is \$22.00, the fringe is \$8.00, and employee worked 44 hours.

The employer does not offer any benefits. The \$8.00 in fringes is paid as hourly wages. The worker would be due on his check (and shown on certified payroll):

$$\begin{array}{l} 44 \text{ hrs.} \times \$30 = \$1,320 \text{ (straight time pay)} \\ 4 \text{ hrs.} \times 1/2 (\$22) = \$ 44 \text{ (overtime premium)} \end{array}$$

\$1,364

85

The published hourly rate is \$22.00, the fringe is \$8.00, and employee worked 44 hours.

The employer contributes \$8.00 per hour into the workers 401k plan to meet the fringe benefits requirement. The worker would be due on his check (and shown on certified payroll):

44 hrs. x \$22 = \$ 968 (straight time pay)

4 hrs. x ½ (\$22) = \$ 44 (overtime premium)

\$1,012

*Note: In addition, the worker would be due \$352 (44 x \$8) in the workers 401k account. Note the total is the same in all examples (\$1,012 + \$352 = **\$1,364**)

86

The published hourly rate is \$22.00, the FB is \$8.00, and employee worked 44 hours.

The employer contributes \$4.00 per hour into a 401k plan and pays \$26.00 per hour to the worker. The worker would be due on his/her check (and shown on certified payroll):

44 hrs. x \$26 = \$1,144 (straight time pay)

4 hrs. x ½ (\$22) = \$ 44 (overtime premium)

\$1,188

*Note: In addition, the worker would be due \$176 (44 x \$4) in the workers 401k account. Note the total is the same in all examples (\$1,188 + \$176 = **\$1,364**)

87

The published hourly rate is \$22.00, the FB is \$8.00, and employee worked 44 hours

The employer pays the worker \$19 per hour and contributes \$11 per hour into his/her 401k plan. The worker would be due on his/her check (and shown on certified payroll).

44 hrs. x \$19 = \$836 (straight time pay)
4 hrs. x ½ (\$22) = \$ 44 (overtime premium)

\$880

*Note: In addition, the worker would be due \$484 (44 x \$11) in his/her 401k account. Note the total is the same in all example (\$880 + \$484 = **\$1,364**)

88

- Rates of pay for a worker working in different classifications during a week with overtime.
- Weighted average is allowed in calculating overtime:

\$15/hr. for 40 hrs. as a laborer = \$600
\$25/hr. for 10 hrs. as an operator = \$250
Average Rate = (Total Dollars)/(Total Hours)
\$850/50 hrs. = \$17
Premium Rate = \$17 X 1/2 = \$8.50
Premium Pay = \$8.50 X 10 hrs. = \$85.00

Total for the 50 hrs. worked:
\$600.00 + \$250.00 + \$85.00= \$935.00

89

Weighted Average

Minimum Due Worker for the Work Week
(FB paid in cash are not included in premium (OT) calculation)

W/E 02-07-2015

Employee	Hourly Rate	Sun	Mon	Tue	Wed	Thur	Fri	Sat	Total	Earned
Johnny Rocker			6	8	11	11	9	9	54	
Reg	\$ 15.00		4	6	7	7	6	6	36	\$ 540.00
PW BHR	\$ 24.70		2	2	4	4	3	3	18	\$ 444.60
PW FB	\$ 14.56		2	2	4	4	3	3	18	\$ 262.08
Premium (OT)	\$ 9.12						5	9	14	\$ 127.63
Total										\$ 1,374.31

20% of Work Week 10.8

Weighted Premium (OT)

$$.5 \times ((\$540.00 + \$444.60) / 54 \text{ hours})$$

90

Overtime

(State PW)

Construction Mechanic Classification			Straight Time Rate	Time and One Half Rate	Double Time Rate	Overtime Code
CARPENTERS						
CARPENTERS ZONE 1	RBCZ1	WAGE	\$20.00	\$30.00	\$43.50	X X H X X X H H Y
	9/4/2015	FRINGE	\$28.30	\$35.35		
Apprentice Rates:						
1ST 6 MONTHS		WAGE	\$12.76	\$19.14		
		FRINGE	\$16.17	\$20.15		
2ND 6 MONTHS		WAGE	\$15.95	\$23.92		
		FRINGE	\$18.16	\$23.14		
YEAR 2		WAGE	\$18.85	\$28.28		
		FRINGE	\$19.97	\$25.85		
YEAR 3		WAGE	\$21.75	\$32.62		
		FRINGE	\$21.78	\$28.57		
YEAR 4		WAGE	\$24.65	\$36.98		
		FRINGE	\$23.58	\$31.27		
<small>CARPENTERS ZONE 1 Wayne, Oakland, Macomb, Sanilac, St. Clair, Monroe and the following townships of Livingston County Brighton, Deerfield, Genoa, Hartland, Osceola and Tyrone</small>						
comment			For all hours worked on Memorial Day, July 4, Labor Day, Thanksgiving Day, Christmas Day and New Years Day, double time is due			

91

Overtime

(State PW)

Construction Mechanic Classification		Straight Time Rate	Time and One Half Rate	Double Time Rate	Overtime Code
CARPENTERS					
CARPENTERS ZONE 1	RBCZ1	WAGE	\$29.00	\$43.50	X X H X X X H H Y
	94/2015	FRINGE	\$26.30	\$35.35	
Apprentice Rates:					
1ST 6 MONTHS		WAGE	\$12.76	\$19.14	
		FRINGE	\$16.17	\$20.15	
2ND 6 MONTHS		WAGE	\$15.95	\$23.92	
		FRINGE	\$18.16	\$23.14	
YEAR 2		WAGE	\$18.85	\$28.28	
		FRINGE	\$19.97	\$25.85	
YEAR 3		WAGE	\$21.75	\$32.62	
		FRINGE	\$21.78	\$28.57	
YEAR 4		WAGE	\$24.85	\$36.98	
		FRINGE	\$23.58	\$31.27	
<p>CARPENTERS ZONE 1 Wayne, Oakland, Macomb, Sanilac, St. Clair, Monroe and the following townships of Livingston County Brighton, Deerfield, Genoa, Hartland, Oshtemo and Tyrone</p> <p>comment For all hours worked on Memorial Day, July 4, Labor Day, Thanksgiving Day, Christmas Day and New Years Day, double time is due</p>					

Payments to workers must meet or exceed the wage determination

92

Overtime State PW

STATE OF MICHIGAN 2014 MICHIGAN PREVAILING WAGE RATE SCHEDULE For Parking Lot, Road, Highway, Bridge & Airport Construction

OVERTIME PROVISIONS FOR Road Builder PREVAILING WAGE RATE SCHEDULE

1. Overtime is represented as a nine character code. Each character represents a certain period of time after the first 8 hours Monday thru Friday.

	Monday thru Friday	Saturday	Sunday & Holidays	Four 10s
First 8 Hours		4		
9 th Hour	1	5	8	-
10 th Hour	2	6		9
Over 10 hours	3	7		

Overtime for Monday thru Friday after 8 hours:

the 1st character is for time worked in the 9th hour (8.1 - 9 hours)
the 2nd character is for time worked in the 10th hour (9.1 - 10 hours)
the 3rd character is for time worked beyond the 10th hour (10.1 and beyond)

Overtime on Saturday:

the 4th character is for time worked in the first 8 hours on Saturday (0 - 8 hours)
the 5th character is for time worked in the 9th hour on Saturday (8.1 - 9 hours)
the 6th character is for time worked in the 10th hour (9.1 - 10 hours)
the 7th character is for time worked beyond the 10th hour (10.01 and beyond)

Overtime on Sunday & Holidays

the 8th character is for time worked on Sunday or on a holiday

4 Ten hour days @ Straight Time

The 9th character indicates if an optional 4-day 10-hour per day workweek can be worked between Monday and Friday without paying overtime after 8 hours worked. To utilize a 4 ten workweek, notice is required from the employer to employee prior to the start of work on the project.

2. Overtime Indicators Used in the Overtime Provision:

H - means TIME AND ONE-HALF due

D - means DOUBLE PAY due

X - means TIME AND ONE HALF due after 40 hours worked

Y - means YES an optional 4-day 10-hour per day workweek can be worked without paying overtime after 8 hours worked

N - means NO optional 4-day 10-hour per day workweek can be worked without paying overtime after 8 hours worked

3. EXAMPLES:

HHHHHHDDY - This example shows that the 1 1/2 rate must be used for time worked after 8 hours Monday thru Friday (characters 1 - 3) and for all hours worked on Saturday, (characters 4 - 6), except hours worked after 10 hours on Saturday (7th character). Work done after 10 hours must be paid at the double time rate. Work done on Sunday or holidays must be paid double time (character 8). The Y (character 9) indicates that 4 ten-hour days is an acceptable alternative workweek at regular pay.

HHHHHHHHY means that the 1 1/2 rate must be used for time worked after 8 hours worked Monday thru Friday (characters 1-3), and for any hours worked on Saturdays, Sundays or holidays (characters 4-8). The Y (character 9) indicates that 4 ten-hour days is an acceptable alternative workweek at regular pay.

XXHXXHDDY this example allows 4 ten hour days Monday thru Saturday to be worked. Hours worked beyond ten Monday thru Saturday OR hours worked after 40 hours in one week must be paid at time and one half. Sunday or holiday hours must be paid at double.

93

Overtime

(State PW)

B. WEIGHTED AVERAGE, POLICY 13

In cases where an employee works at 2 or more different rates/classifications on the same project in a +40 hour workweek, the Contractor/subcontractor can voluntarily pay the 1 1/2 the highest rate or use a weighted average computed by adding all earnings at straight time, dividing by the hours worked to obtain a weighted average rate. Overtime hours must be paid at the applicable regular plus 1/2 the weighted average. For example - overtime on 35 hours @ \$15.15 and 10 hours @ 16.00 is computed as follows:

$$\begin{array}{r} 35 @ 15.15 = \$530.25 \\ 10 @ 16.00 = \underline{\$160.00} \\ \$690.25 \end{array}$$

$$\$690.25 \text{ divided by } 45 = \$15.34 \text{ weighted average}$$

$$\$15.34 \times .5 = \$7.67 \times 5 \text{ hours} = \$38.35$$

$$\text{The employee is due } \$530.25 + \$160.00 + \$38.35 = \$728.60$$

(Policy Manual Act 166 Prevailing Wage on State Projects Act)

94