



# STATE OF MICHIGAN

Wage and Hour Division

PO Box 30476

Lansing, MI 48909

517-284-7800

## Informational Sheet: Prevailing Wages on State Projects

### General Information Regarding Fringe Benefits

**Certain** fringe benefits **may** be credited toward the payment of the Prevailing Wage Rate:

- If a fringe benefit is paid directly to a construction mechanic
- If a fringe benefit contribution or payment is made on behalf of a construction mechanic
- If a fringe benefit, which may be provided to a construction mechanic, is pursuant to a written contract or policy
- If a fringe benefit is paid into a fund, for a construction mechanic

When a fringe benefit is not paid by an hourly rate, the hourly credit will be calculated based on the annual value of the fringe benefit divided by 2080 hours per year (52 weeks @ 40 hours per week).

The following is an example of the types of fringe benefits allowed and how an hourly credit is calculated:

Vacation	40 hours X \$14.00 per hour = \$560/2080 =	\$ .27
Dental insurance	\$31.07 monthly premium X 12 mos. = \$372.84 /2080 =	\$.18
Vision insurance	\$5.38 monthly premium X 12 mos. = \$64.56/2080 =	\$.03
Health insurance	\$230.00 monthly premium X 12 mos. = \$2,760.00/2080 =	\$1.33
Life insurance	\$27.04 monthly premium X 12 mos. = \$324.48/2080 =	\$.16
Tuition	\$500.00 annual cost/2080 =	\$.24
Bonus	4 quarterly bonus/year x \$250 = \$1000.00/2080 =	\$.48
401k Employer Contribution	\$2000.00 total annual contribution/2080 =	\$.96
<b>Total Hourly Credit</b>		<b>\$3.65</b>

Other examples of the types of fringe benefits allowed:

- Sick pay
- Holiday pay
- Accidental Death & Dismemberment insurance premiums

The following are examples of items that **will not** be credited toward the payment of the Prevailing Wage Rate:

- Legally required payments, such as:
  - Unemployment Insurance payments
  - Workers' Compensation Insurance payments
  - FICA (Social Security contributions, Medicare contributions)
- Reimbursable expenses, such as:
  - Clothing allowance or reimbursement
  - Uniform allowance or reimbursement
  - Gas allowance or reimbursement
  - Travel time or payment
  - Meals or lodging allowance or reimbursement
  - Per diem allowance or payment
- Other payments to or on behalf of a construction mechanic that are not wages or fringe benefits, such as:
  - Industry advancement funds
  - Financial or material loans