



Prevailing Wages

Update to 2007 Evaluation Report

Problems Identified

- **Insufficient Compliance Monitoring and Enforcement.** Due to confusion over enforcement responsibility, there was too little monitoring and enforcement of prevailing wage requirements on many state-funded construction projects.
- **Poor Response to Survey of Construction Contractors.** Prevailing wages are calculated based on wages and benefits reported by construction contractors who return a survey administered by the Department of Labor and Industry (DLI). Low survey response rates were a concern.
- **Some Prevailing Wage Rates Set Incorrectly.** Some prevailing wage rates were not set with strict adherence to state law and administrative rules due to a computer error. However, most prevailing wages were determined correctly.

Changes Implemented

- **Additional Resources for Enforcement.** The 2007 Legislature appropriated funds for prevailing wage enforcement and extended DLI's enforcement authority to be similar to authority in other labor standards areas. With these funds, DLI hired three additional investigators and has initiated 98 investigations for work performed after July 1, 2007. The Legislature also required construction contractors working on prevailing wage projects to submit payroll documents to the contracting agency.
- **Outreach to Improve Survey Participation.** The 2007 Legislature appropriated funds for outreach. According to DLI, department staff have met with construction contractors around the state to inform them of the prevailing wage survey process. For example, staff have held meetings with contractors in Bemidji, Alexandria, Mankato, and Austin. It is not known whether outreach efforts have improved the survey response rate.
- **Computer Program Corrected.** Department staff report that the computer program error that affected some prevailing wage calculations was corrected immediately.

Action Needed

- **Define "Contracting Agency" for Economic Development Projects.** For economic development programs such as the Job Opportunity Building Zone (JOBZ) program, a government agency is not receiving certified payroll records because the entity contracting for construction is a business. If the Legislature wants the certified payroll requirement to apply to these programs, it should define what government agency should be the "contracting agency" in such instances.