

# **Prevailing-wage requirements for financial assistance provided by the Minnesota Housing Finance Agency under Minn. Stat. § 116J.871**

## **What is prevailing wage?**

Prevailing wage is the minimum hourly wage employers must pay certain workers who work on projects where state dollars are provided in the form of financial assistance for economic development. The prevailing wage includes the employer's cost of benefits.

## **When is prevailing wage required?**

Prevailing wage is required on projects that receive financial assistance (such as grants or loans) from the Minnesota Housing Finance Agency (MHFA) for certain economic development related purposes that meet a dollar threshold. If a grant totals \$200,000 or more or a loan totals \$500,000 or more, prevailing wage is required for the work performed at the project site covered by the financial assistance.

## **Are there exceptions to what is considered economic development and not subject to prevailing-wage requirements?**

Yes, economic development does not include and prevailing-wage requirements do not apply to:

- financial assistance for the rehabilitation of existing housing;
- financial assistance for new housing construction that totals no more than \$100,000 at a single project site – “single project site” is the entire location where the housing is being constructed for which the grant, loan or tax credit was applied; or
- grants or loans for the new construction of no more than 10 fully detached single-family affordable homeownership units – “fully detached single-family affordable homeownership units” does not include duplexes, triplexes, fourplexes, condominiums, co-ops, townhomes, rowhomes or other attached homeownership units.

## **Who decides the prevailing-wage rate?**

The Minnesota Department of Labor and Industry (DLI) sets the prevailing-wage rates to be comparable to wages paid for similar work in the county where the construction project is located. These are called the “certified” prevailing-wage rates.

## Where can I find the prevailing-wage rate for a particular worker?

The prevailing-wage rate will depend on the type of work the worker is performing.

Residential construction prevailing-wage rates must be paid on projects receiving financial assistance when the construction involves single-family or two-family (duplex) homes and structures appurtenant thereto.

- Contact DLI's Prevailing Wage unit for residential construction prevailing-wage rates.

Commercial construction prevailing-wage rates must be paid on projects that are not residential construction or highway and heavy construction.

- Visit the [Prevailing wage: Commercial rates](#) webpage for more information.

## What are the obligations of the recipient of the grant or loan that is subject to prevailing wage?

- The recipient of the grant or loan must certify to DLI that employees at the project site during construction, installation, remodeling and repairs will be paid the proper prevailing-wage rate.
- Ensure all construction contracts for a project specifically state the prevailing-wage rates, prevailing hours of labor and hourly basic rates of pay.
- Ensure applicable prevailing-wage determinations for the project, along with the following contract language, is incorporated into proposals and all contracts, including all contracts with subcontractors, and the wage determination is posted in a conspicuous location on the project site. All work on a project must be performed under contracts that specifically include the prevailing-wage obligations of the Minnesota Prevailing Wage Act.
  - “Pursuant to Minnesota Statutes 177.41 to 177.44 and corresponding Minnesota Rules 5200.1000 to 5200.1120, this contract is subject to the prevailing wages as established by the Minnesota Department of Labor and Industry. Specifically, all contractors and subcontractors must pay all laborers and mechanics the established prevailing wages for work performed under the contract. Failure to comply with the aforementioned may result in civil or criminal penalties.”
- [Complete and submit required certified payroll reports](#) no more than 14 days after the end of each pay period.
- Grant or loan recipients must collect, keep and maintain these records for a minimum of three years after final payment is made.

## **What happens if an employer pays less than the prevailing wage when prevailing wage is required?**

If an employer pays less than the prevailing wage, DLI requires the employer to pay back-wages to the worker to make up the difference. DLI can also require the employer to pay penalties for failure to comply with the prevailing-wage law. The employer may also be subject to a private lawsuit to recover wages owed.

## **How do I file a complaint about an employer I think is paying less than the prevailing wage?**

To file a complaint, [complete the online complaint form](#). DLI reviews complaints and decides whether to investigate. DLI will let the complainant know whether it will investigate the complaint.

## **Where can I get more information?**

Minnesota Department of Labor and Industry, Prevailing Wage

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Email: [dli.prevwage@state.mn.us](mailto:dli.prevwage@state.mn.us)

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