

Wage Determination

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Government contractors must comply with labor standards imposed under various federal statutes, notably the Walsh-Healey Act, the Service Contract Act, the Davis-Bacon Act, and the Contract Work Hours and Safety Standards Act. These statutes were enacted to prevent substandard wage rates and working conditions in the performance of government contracts. (FAR Part 22-Application of Labor Laws to Government Acquisitions)

Contractors that do not comply with certain minimum wage levels and working conditions face sanctions, such as the withholding of payments or debarment from government contracting.

The Wage and Hour Division (WHD) within the U.S. Department of Labor (DOL) enforces the compensation requirements of various laws applicable to government contracts. Wage determinations are developed based on available data showing the rates that are prevailing in a specific locality.

The website www.wdol.gov provides a single location for obtaining appropriate Service Contract Act (SCA) and Davis-Bacon Act (DBA) wage determinations (WD) for each official contract action.

The Walsh-Healey Public Contracts Act (PCA), as amended, establishes minimum wage, maximum hours, and safety and health standards for work on contracts in excess of \$10,000 for the manufacturing or furnishing of materials, supplies, articles, or equipment to the U.S. government or the District of Columbia. Covered workers must be paid not less than the Fair Labor Standards Act (FLSA) federal minimum wage and overtime pay of at least one and one-half times the worker's regular rate of pay for all hours worked in excess of 40 in a workweek.
(<http://www.dol.gov/whd/govcontracts/dbra.htm>)

The McNamara-O'Hara Service Contract Act requires contractors and subcontractors performing services on prime contracts in excess of \$2,500 to pay service employees in various classes no less than the wage rates and fringe benefits found prevailing in the locality, or the rates (including prospective increases) contained in a predecessor contractor's collective bargaining agreement. The Department of Labor issues wage determinations on a contract-by-contract basis in response to specific requests from contracting agencies. These determinations are incorporated into the contract. For contracts equal to or less than \$2,500, contractors are required to pay the federal minimum wage as provided in Section 6(a)(1) of the Fair Labor Standards Act. For prime contracts in excess of \$100,000, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular rate of pay for all hours worked over 40 in a workweek. The overtime provisions of the Fair Labor Standards Act may also apply to SCA-covered contracts.
(<http://www.dol.gov/whd/govcontracts/sca.htm>)

The Davis-Bacon and Related Acts, apply to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works. Davis-Bacon Act and Related Act contractors and subcontractors must pay their laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area. The Davis-Bacon Act directs the Department of Labor to determine such locally prevailing wage rates. The Davis-Bacon Act applies to contractors and subcontractors performing work on federal or District of Columbia contracts. The Davis-Bacon Act prevailing wage provisions apply to the "Related Acts," under which federal agencies assist construction projects through grants, loans, loan guarantees, and insurance. For prime contracts in excess of \$100,000, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular rate of pay for all hours worked over 40 in a workweek. The overtime provisions of the Fair Labor Standards Act may also apply to DBA-covered contracts.

The Contract Work Hours and Safety Standards Act (CWHSSA) applies to federal service contracts and federal and federally assisted construction contracts over \$100,000. It requires contractors and subcontractors on covered contracts to pay laborers and mechanics employed in the performance of the contracts one and one-half times their basic rate of pay for all hours worked over 40 in a workweek. This Act also prohibits unsanitary, hazardous, or dangerous working conditions on federal and federally financed and assisted construction projects.

The Copeland "Anti-Kickback" Act prohibits a contractor or subcontractor from inducing an employee to give up any part of his/her compensation to which he/she is entitled under his/her contract of employment. The Act's implementing regulations requires a contractor and subcontractor to submit a weekly statement of the wages paid each employee performing covered work during the preceding payroll period.