

## How is prevailing wage enforced?

± [Click to see the answer](#)

---

Authority to investigate complaints of prevailing wage violations has been assigned to two state agencies. The Minnesota Department of Transportation (Mn/DOT) is the primary enforcing agency for all projects let out to bid for highway-related construction. All other investigations are conducted by the Minnesota Department of Labor and Industry (DLI) or individual contract officers representing project owners.

DLI is authorized to review payroll documents to determine compliance with prevailing wage rate provisions for all state construction projects, including highway construction.

DLI administers prevailing wage laws through the investigation of noncompliance complaints and on-site inspections of state-funded projects.

Contracting agencies are authorized and required to request and examine copies of payroll forms from contractors and subcontractors every 14 days. The penalty for nonpayment by contractors and subcontractors is a misdemeanor punishable by a fine of not more than \$300, imprisonment of not more than 90 days or both. Each day a violation continues is a separate offense.

Contract officers who administer contracts without prevailing wage compliance and contractors, subcontractors or agents who knowingly pay workers below prevailing wage, are subject to misdemeanor penalties. Repetitive violations are considered a separate offense, punishable by a maximum fine of \$700, imprisonment for no more than 90 days or both. If a contract agency fails to incorporate the correct wage determination, the contracting authority shall be liable for making whole the contractor or subcontractor for any increases in the wages paid, including employment taxes and reasonable administrative costs based on the appropriate prevailing wage due to the laborers or mechanics working on the project.

Both state agencies have developed processes within their statutory authority to maximize compliance by all involved parties. While most contractors comply with agency orders to pay back-wages, project funds may be withheld by the contracting agency until compliance is achieved. If resolution cannot be made through the voluntary processes, a resulting Order to Comply from DLI will result in the doubling of back-wages owed to the employees of the contractor. Contractors that have been found to repeat violations of the prevailing wage act within a two-year time frame, will find the amount of back-wages owed automatically doubled.

Minnesota Statutes 177.44 also states that anyone who forces an employee, by any kind of threat, to accept lower wages may be fined up to \$1,000 and be imprisoned for up to one year. It further provides that any employee who knowingly allows the contractor or subcontractor to pay less than the prevailing wage or who gives up any pay due may be fined up to \$40, jailed not more than 30 days or both. Each day a violation continues is a separate offense.