

What is prevailing wage and how does it work?

Prevailing wage rates are the amounts that must be paid to construction workers on all public works projects in Oregon. These rates include fringe benefit wages which allows KNCC to provide group insurance and other benefits for employees.

What is the prevailing wage rate (PWR)?

The prevailing wage rate (PWR) is the minimum hourly wage rate, including all fringe benefits, that must be paid for covered work duties performed on public works projects subject to PWR laws. These typical duties are classified to a “trade” or “occupation” (ex. Carpenter, Roofer, etc.) and each job classification has its own prevailing wage rate.

The prevailing wage for each classification includes an hourly Base Rate and an hourly Fringe Rate, and it is the combination of these two amounts that is paid to the employee.

Generally, the prevailing wage rates for Oregon public works projects vary depending on 1) the type of work performed, 2) the county in which the work is performed, and 3) the date when the public agency first advertised the project. That means it is possible that you could work on two prevailing wage projects in the same day and have two different prevailing wage rates for the same classification of work.

How do I know if the project I am working on is subject to prevailing wage rate laws?

While a project might meet the definition of a public works project, not all public works are subject to PWR laws. Your employer should be able to inform you about whether or not the work you are performing is subject to PWR laws.

Does my employer have to pay me the fringe rate?

The prevailing wage rate consists of **BOTH** the hourly Base and Fringe Rates. An employer may 1) pay the entire Fringe Rate in wages, 2) take a full credit for the Fringe Rate for contributions to employee benefit programs (e.g., health insurance, pension/retirement, paid time off, apprenticeship/training), or 3) take a partial credit for the Fringe Rate for contributions to employee benefit programs and pay the remaining amount as wages.

What exactly are fringe benefits?

Examples of fringe benefit programs include group health plans, paid time off plans, 401K plans, and apprenticeship training. Employers may claim a credit against the hourly Fringe Rate for these bona fide fringe benefits they provide to employees.

How is the fringe credit* calculated?

Only the employer’s contribution toward a benefit plan may be used to calculate the allowable hourly credit. If an employee contributes toward a benefit plan, the amount of the employee’s contribution may not be used in calculating the credit. The allowable hourly credit is calculated by dividing the employer contribution amount by the total number of hours, both PWR and non-PWR hours, the employee worked during the contribution period.

For example, if the employer contribution per pay period/week was \$250, and if the employee worked 42.0 hours that week, the credit would be \$5.95 per hour (\$250 per week / 42 hours worked = \$5.95 per hour credit).

Here is a general formula:

The amount of employer contribution paid on behalf of the employee / All hours worked by the employee during the contribution time period (including non-PWR hours) = Allowable hourly equivalent fringe benefit credit

Can I choose how I want to receive any fringe pay (less fringe credit)?

Yes! There are two options.

- 1) You may elect this to be deposited directly into your 401K account and it will appear on your pay statement under Deductions as “401KPW” (there is no employer match on this method)
- 2) You may elect this as cash paid within your normal pay statement (under Earnings, the rate showing is **AFTER** the fringe credit has been deducted)

_____ I elect to have my prevailing wage fringe pay deposited directly into my 401K account

_____ I elect to receive my prevailing wage fringe pay as cash on my pay statement

Employee (Print & Sign)

Date

*if you would like detailed information on how your individual fringe credit was calculated, please reach out to Payroll/HR and we would be happy to assist.