

FACT SHEET #17 – Fringe Benefits Under Davis-Bacon

DAVIS-BACON PROVISIONS FOR CLEAN AND DRINKING WATER SRF PROJECTS

Information about fringe benefits under Davis-Bacon & Related Acts

The Davis-Bacon “prevailing wage” is made up of two interchangeable components:

$$\text{Basic hourly rate} + \text{fringe benefits} = \text{prevailing wage}$$

PREVAILING WAGE

The prevailing wage obligation may be met by **any combination** of cash wages and fringe benefits provided by the employer. The following examples illustrate how you can combine the rates. (*Assume that the general wage determination lists \$17.55 base rate / \$7.75 fringe rate*):

- **ALL CASH: Benefits do not need to be in the form of health plans, 401K etc. It's acceptable to pay cash for both the base rate AND fringe rate.**
 - $\$17.55 \text{ base rate (cash)} + \$7.75 \text{ fringe rate (cash)} = \25.30 - OR -
- **CASH AND BENEFITS: A combination of cash wages paid and fringe benefits may be used together to meet the total required prevailing wage.**
 - $\$14.55 \text{ base rate (cash)} + \$10.75 \text{ fringe rate (payment toward benefits)} = \25.30 - OR -
- **CASH BASE + CASH FRINGE + BENEFITS: A combination of cash wages paid and fringe benefits may be used together to meet the total required prevailing wage.**
 - $\$16.55 \text{ base rate (cash)} + \$1.00 \text{ fringe cash} + \$7.75 \text{ fringe benefit (payment toward benefits)} = \25.30

OVERTIME

- The Davis-Bacon Related Acts requires the payment of **time and one-half the basic rate of pay** for all hours worked in excess of 40 hours in a week.
- Fringe benefits for DBRA must be paid for **all hours worked** – both straight time and overtime hours.
- **Under Davis-Bacon, amounts paid to fulfill the fringe benefit portion of the prevailing wages listed in the wage determination – both contributions to bona fide benefit plans and cash payments made to meet wage determination fringe benefits requirements – are excluded in computing overtime obligations.**
 - What this means is that the **base rate listed in the official wage determination is what should be multiplied by 1.5 to establish the overtime rate of pay.** The fringe benefit rate will then be added to that amount as either cash or applied to benefits. The “overtime base rate” may not be reduced by the amount contributed to benefits, as is permitted when paying regular hours.
 - *General Wage Determination rates:* $\$17.55 \text{ base rate} + \$7.75 \text{ fringe rate} = \25.30
 - *Regular Hours (up to 40/week):* $\$25.30 \times 40 = \$1,012.00$ (Paid in any combination above.)
 - *OT (after 40/week):* $[\$17.55(1.5) \times \text{OT hours}] + [\$7.75 \text{ fringe rate} \times \text{OT hours}] = \text{Overtime Pay}$

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