

Prevailing Wage in Illinois

September 15, 2015



Presentation Objectives

What is the
Prevailing
Wage Act?

Who is
responsible for
what?

How can we
ensure
compliance?



State of Illinois Prevailing Wage Act

820 ILCS/130/1

- ▶ It is the policy of the State of Illinois that a wage of no less than the general prevailing hourly rate as paid for work of a similar character in the locality in which the work is performed, shall be paid to all laborers, workers and mechanics employed by or on behalf of any and all public bodies engaged in public works.



Prevailing Wage Act FAQs

www.illinois.gov/idol/FAQs

Illinois Prevailing Wage Act was codified into law in 1941.

Governs the wages that a contractor or subcontractor is required to pay.

Sets forth the record keeping requirements for contractors and subcontractors.

Current State of Illinois Prevailing Wage Act (P.A.86-1324) adopted in 1990

Sets forth the obligations of public body to establish prevailing wage and notification.



Which of the following is covered under the Illinois Prevailing Wage Act?

- A. Demolition and construction
- B. Maintenance and assembly
- C. Repair and maintenance
- D. All of the above



When is a project subject to prevailing wage?

- A. Only if it is paid for in whole with public funds.
- B. Only if it is paid for in whole or in part with public funds.
- C. Only if it is subject to Federal prevailing wage laws.
- D. Only if the public body subjects itself to the Illinois Prevailing Wage Act.



Who is covered?

WHO?

- All laborers, workers and mechanics

WHO?

- Directly employed by contractors and subcontractors...

WHO?

- ...in construction on the site... including...transportation of material and equipment to and from the site.

Material suppliers are exempt from the Illinois Prevailing Wage Act.

- A. True
- B. False



Transporting material to and from a jobsite is covered under the Illinois Prevailing Wage Act when:

- A. Transporting material to and from the jobsite is never covered.
- B. Transporting material to and from the jobsite is always covered.
- C. The transportation is performed by the seller or supplier of the materials only.
- D. The transportation is not performed by the seller or supplier of the materials.



What is covered?

WHAT?

*A project does not have to be for public use to be covered.

- All fixed works constructed by any public body or paid in whole or in part with public funds
 - Demolition
 - Landscape or modifications to real estate.
 - Repair and maintenance

What is the minimum threshold after which a project is subject to the Illinois Prevailing Wage Act?

- A. \$2,000
- B. \$10,000
- C. \$30,000
- D. \$50,000
- E. No Threshold



Where must the awarding agency provide notice that a project is subject to the Illinois Prevailing Wage Act?

- A. In both the project specifications and the contract
- B. In the project specifications only
- C. In the contract only
- D. The awarding agency does not need to specify that a project is subject to the Illinois Prevailing Wage Act.



What are the obligations of local units of government?

- ▶ Ascertain prevailing wage rates
- ▶ Provide notice that a project is subject to the Illinois Prevailing Wage Act
- ▶ Maintain certified payroll documents for 5 years post project completion



What must the Illinois Department of Labor do during the month of June of each calendar year?

- A. Check each public body's prevailing wage rate for accuracy
- B. Investigate and ascertain the prevailing rate of wages of each county in Illinois
- C. Both A and B
- D. None of the above



What must a public body do if a project is awarded without a public bid, contract or project specification?

- A. Provide the contractor with written notice on the purchase order related to the work that the prevailing wage rate applies.
- B. Provide the contractor with written notice on a separate document that the prevailing wage rate applies
- C. A or B
- D. None of the above



Contracts /Work Orders

- ▶ The public body awarding the contract/work order shall cause to be inserted in the contract/work order a stipulation to the effect that not less than the prevailing rate of wages as found by the public body or Department of Labor or determined by the court on review shall be paid all laborers, workers and mechanics performing work under the contract/work order.



A person wearing a brown suit jacket, a light-colored shirt, and a striped tie is holding a white rectangular sign with both hands. The sign contains text about contract revisions and prevailing wages.

CONTRACT

If IDOL revises the generally prevailing hourly rate to be paid, the revised rate must apply to any contract in which the Prevailing Range of Pay must be paid.

Sample Language

This contract, call for bid, does not require union work. However, all work performed by laborers, workers, mechanics performing services under this contract on public work's site are subject to the provisions of the Illinois Prevailing Wage Act.



Sample Language

The Dept. of Labor publishes the prevailing wage on its website at labor.illinois.gov.

The contractor/subcontractor has an obligation to check the website for revisions to the prevailing wage rates.

CONTRACT

If IDOL revises the Rate of hourly wages to be paid for work performed under this contract before completion of work, the revised rate applies from the effective date of revision. No such revision shall entitle Contract to any automatic increase in compensation under terms of this contract.

Which of the following is a contractor's duty to its subcontractors under the Illinois Prevailing Wage Act?

- A. A contractor must inform its subcontractors the rate of pay it must pay each worker.
- B. A contractor must pay its subcontractor's employees
- C. A contractor must insert into each subcontract and into the project specifications that prevailing rate of wages must be paid.
- D. A contractor owes no duties to its subcontractors.

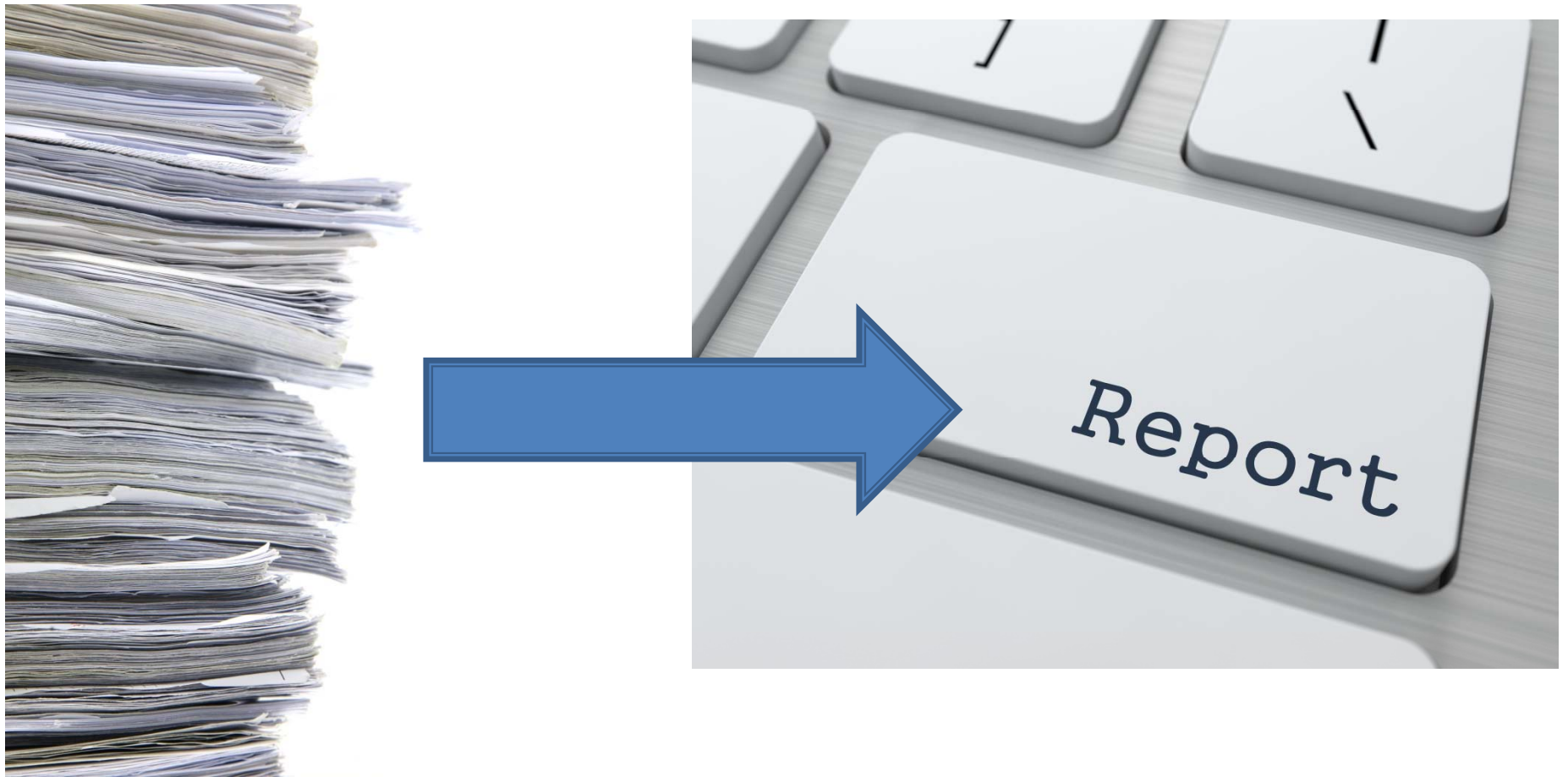


Certified Payroll Requirements

- ▶ Contractors and subcontractors must submit certified payroll records to the public body in charge of the project by the 15th of the month following the work.
- ▶ Records must be retained for not less than 5 years following project completion.
- ▶ Available to the public under FOIA, with the exception of the employee's address, telephone number and social security number.



Software Solutions



A public body who willfully violates the Illinois Prevailing Wage Act is guilty of:

- A. A class A Misdemeanor
- B. A class 4 felony
- C. No crime
- D. A class B Misdemeanor



A contractor knowingly files a false certified payroll is guilty of:

- A. A class A Misdemeanor
- B. A class 4 felony
- C. No crime
- D. A class B Misdemeanor



What, if any, are the consequences to a contractor who has failed to comply with the Illinois Prevailing Wage Act?

- A. Criminal sanctions
- B. Criminal sanctions and being published in the Illinois Register
- C. Civil suit by the Illinois Department of Labor or any worker
- D. B and C



Consequences

If proper written notice is not given: Section 4 (a-3) holds a public body financially responsible for any interest, penalties or fines assessed by IDOL.

If Contractor does not provide proper notice to subcontractors, contractor is responsible for any interest, penalties or fines assessed by IDOL.

Consequences

- ▶ Contract is void and contractor prohibited from recovering any damages from voiding contract.
- ▶ Contractor limited to claim of amounts actually paid for labor and materials supplied.
- ▶ Contractors are NOT responsible for back wages when proper notice was not given.



Questions?

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