Minnesota Davis-Bacon Wage Rates Examined

If you are involved with federal construction projects and the required pay rates, this article will clarify why the federal rates may appear to be incorrect. The details in this article were confirmed via telephone with the Acting Branch Chief of the Wage and Hour Division (WHD) Meghan MacLeod. All Federal Wage Rates (DBA Rates) can be found on SAM.GOV.

In mid-2024 the U.S. Department of Labor (USDOL) adopted Minnesota's prevailing wage rates for Commercial Construction (Building) and for Highway/Heavy Construction. As of April 2026, the DBA Rates do not always match the MN State Rates. Although the purpose was to create consistency on state and federal projects, this has not been achieved yet.

Current Highway/Heavy MN Rates took effect on 11/03/25. But when reading the DBA wage determination, the key line to notice is: SAMN2024-001 11/18/2024. Which indicates all rates being used are from the **11/18/24** Minnesota survey. The "SA" indicates a "State Adopted" rate and the "11/18/24" indicates the MN state survey results were used. Due to technical difficulties, the federal WHD has not been able to update to the current MN Rates (certified on 11/03/25 rates), and **so the rates posted are a year out of date**. Regardless, these are the minimum wages to be paid on federally funded projects. The difficulties are with USDOL.

MN Rates for Commercial (Building) were published on 12/22/2025. For the same reason outlined above, the key line in the DBA wage determinations for Building construction looks like this: "SAMN2024-037 12/23/2024" and indicates only MN Rates from **12/23/2024** are being used. So, like the Highway/Heavy rates, the posted rates are also a year out of date. Due to technical difficulties, the federal WHD is unable to update to the current MN Commercial Rates. Regardless, these are the rates to use as the minimum wage on federally-funded projects.

Are there other mistakes like "typos"? Possibly. Regardless, the key "take away" from all of this is that **the currently posted DBA Rates are not the most recent MN Rates** and they are, in fact, more than a year out of date. Even though the federal DBA rates do not match the state rates they are the **minimum** wage rates to be paid on federal construction projects. To be certain you are paying at least the DBA Rate on a federally funded project, use the federal rate sheet attached to the bid specification for the project. If there was no DBA rate sheet attached to the bid spec, you should contact the general contractor or project owner to verify the applicable rate sheet for the project.

If you have questions, contact FCF at 651-797-2726.


Photo Credit: FCF-Vince Muzik

Beltrami Jail *- Ryan Sharp, a pipefitter for UA Local 11, sits on a stack of wires at the construction site of Beltrami County's new Adult Corrections Center in Bemidji, MN. The target date for completion is March 2027.*

Annual Prevailing Wage Survey Reminder

This is your yearly and friendly reminder from FCF to participate in Minnesota's prevailing wage survey. The ***deadline is fast approaching***, so here are some important dates and reminders:

IMPORTANT DATES:

- June 5, 2026, is the deadline for submitting surveys to the Minnesota Department of Labor and Industry.
- Only report work performed between April 7, 2025, and June 4, 2026.

SURVEY REMINDERS:

- Both public and private projects can be reported on the survey; AND
- Total cost for commercial and residential jobs is more than $2,500; OR
- Total cost for heavy and highway jobs is more than $25,000; AND
- An employee must have worked on the project for at least 8 hours, but not necessarily at once; AND
- An employee may only be reported for one labor code per project; AND
- Only journey workers should be reported.

If you have any questions about completing surveys or would like to setup prevailing wage survey training, please call FCF at 651-797-2726.

Save the Date

The 80th Annual Convention of the Minnesota Building & Construction Trades Council will be held July 15 – 17, 2026, at Treasure Island Resort & Casino in Welch, MN. On July 16, FCF will provide a boxed lunch and give a short presentation during the convention.

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Compliance Alert!

As we prepared to go to press, DLI announced a $1.28 million wage theft recovery, the largest in state history. Violations affected 26 workers on 19 projects between 2019 and 2022, including the Viking Lakes complex in Eagan. This case was first brought to light by the Northern Midwest Regional Council of Carpenters.

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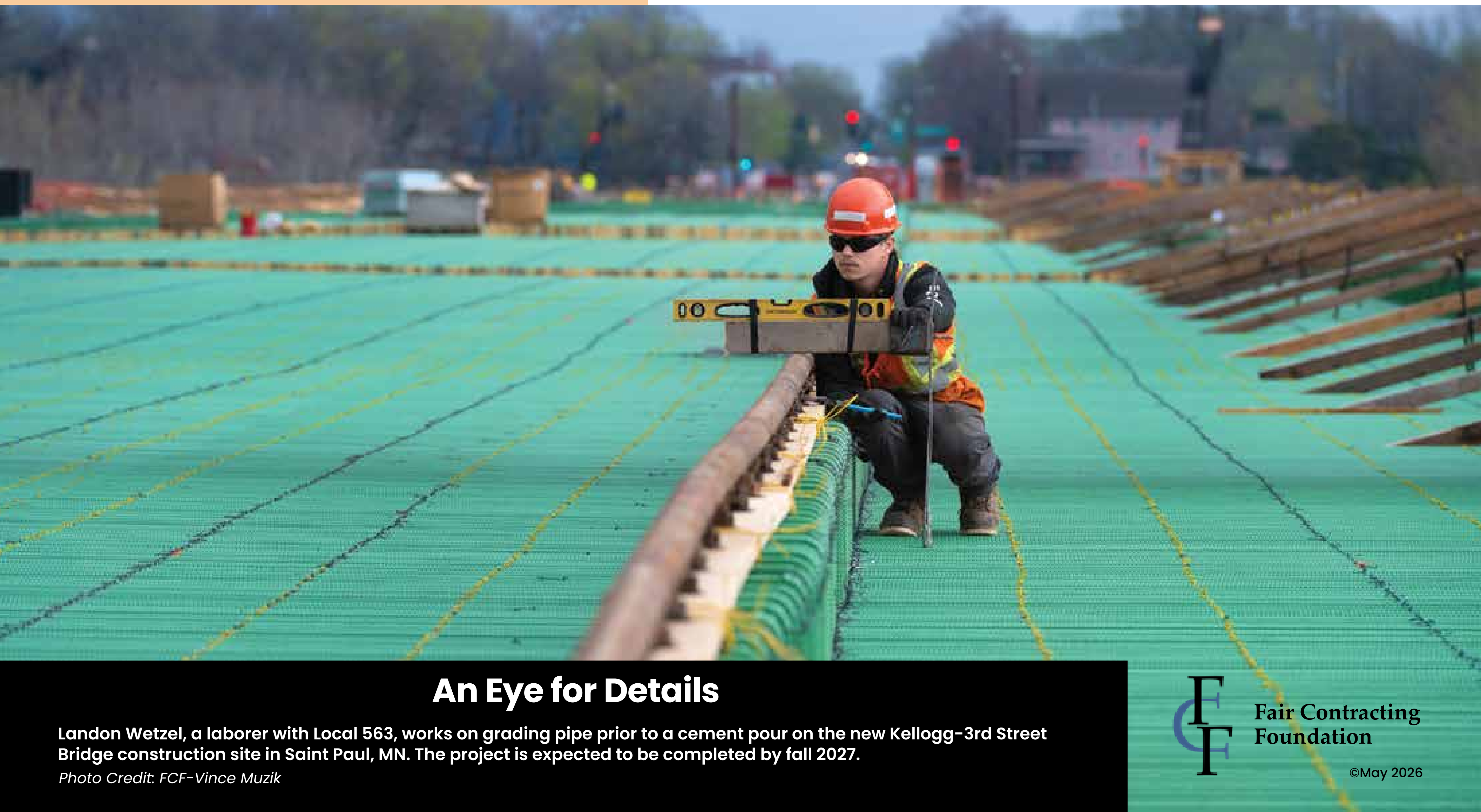

An Eye for Details

Landon Wetzel, a laborer with Local 563, works on grading pipe prior to a cement pour on the new Kellogg-3rd Street Bridge construction site in Saint Paul, MN. The project is expected to be completed by fall 2027.

Photo Credit: FCF-Vince Muzik

Fair Contracting Foundation

OBBBA Impacts Renewable Energy Tax Credits

On Aug. 16, 2022, the Biden administration signed the Inflation Reduction Act (IRA) into law. This landmark legislation sought to reduce the federal budget deficit, lower prescription drug prices, and invest in domestic renewable energy production, including the development of solar and wind energy sources. It incentivized renewable energy production through enhanced tax credits available to developers. These tax credits are significant for the Building Trades as they require not only the payment of Davis-Bacon prevailing wages on these projects, but also require the use of apprentices in state or federally-registered programs. In order to be eligible for these tax credits, the projects needed to "begin construction."

Within three years, the Trump administration signed into law the "One Big Beautiful Bill Act" (OBBBA), significantly impacting the sunset dates for these tax credits. Most residential clean energy and efficiency tax credits were eliminated as of Dec. 31, 2025, and the tax credits for commercial and utility renewable energy projects that "begin construction" after July 4, 2026, were phased out. Projects beginning after this date can still receive the enhanced tax credits, but only if they are placed into service by Dec. 31, 2027. As such, FCF has seen a push in late 2025 and early 2026 to get these projects "shovel ready" to "begin construction" prior to July 4, 2026, and be eligible to receive the enhanced IRA tax credits.

The Trump administration also made it more difficult for these projects to "begin construction." On Aug. 15, 2025, the IRS issued Notice 2025-42, which changed the definition of the term "begin construction." Prior to this rule change, the IRS allowed for two different methods of showing that construction had started: 1) The *Five Percent Safe Harbor*, which found that if a developer had spent 5% of the total anticipated project cost, then the project was considered to have begun, and 2) the *Physical Work Test*, which required that the developer had started "physical work of a significant nature," to be considered to have begun construction. Under the August notice, the IRS eliminated the *Five Percent Safe Harbor*. The IRS now requires developers to use only the *Physical Work Test* and actually begin work on projects in order to qualify for tax credits. This will likely put the brakes on many projects that cannot meet the July 4, 2026, deadline to "begin construction." Because of these significant changes, unscrupulous developers might try whatever means they can to "begin construction" on these renewable energy projects without concern about prevailing wage and apprenticeship compliance. FCF will continue to work with our affiliates to monitor these projects using all available tools once they "begin construction."

> The OBBBA will likely put the brakes on many projects that cannot meet the July 4, 2026, deadline to "begin construction."

Highway/Heavy or Commercial? Sometimes, the Answer is Unclear

"Which prevailing wage rates should be applied to this project?" is a question that FCF regularly answers for our affiliates. Although the State of Minnesota has detailed regulations that frequently help us answer this question, for many general types of construction projects, the answer to this question remains cloudy. We have recently found this to be an issue when it comes to whether commercial or highway/heavy prevailing wage rates should be applied to projects on critical pieces of infrastructure like wastewater and water treatment facilities. Unfortunately, the relevant enforcement bodies do not appear likely to provide much guidance on this narrow issue, and regularly relay that they look at this issue on a case-by-case basis.

This issue is significant because, not only does it lead to confusion and difficulty ensuring compliance with prevailing wage after a project has started, it also has a significant effect on which contractor is awarded a project in the first place. Adding to the difficulty, there isn't a specific answer for how the various building trades internally categorize these types of projects. As a result, low-road contractors are often able to take advantage and win the prime low bid for these projects, effectively squeezing out high-road contractors from bidding on these projects. **If you have any perspective about this issue, please contact FCF.**

Multifamily Housing Compliance Focus

On Jan. 1, 2025, Minnesota became the first state to require prevailing wage on projects that receive Low-Income Housing Tax Credits (LIHTC), which is the single largest source of funding for affordable housing development. State lawmakers have also earmarked $1 billion for housing affordability since 2023. This presents a unique opportunity to improve working conditions within the residential construction industry, which is unfortunately rife with exploitation.

In a 2023 report, *"Subsidizing Abuse: How Public Financing Fuels Exploitation in Affordable Housing Construction,"* NorthStar Policy Action detailed 25 projects since 2016 with credible allegations of wage theft and exploitation, which collectively received $31 million in LIHTC funding. A separate 2021 report by the Midwest Economic Policy Institute found that payroll fraud and wage theft affects approximately 30,000 construction workers in Minnesota alone, or about 23% of the workforce.

Not only do these workers earn $29,700 less (36%) than non-exploited workers, but Minnesota loses about $136 million annually in unpaid income taxes, unemployment insurance contributions, and workers' compensation premiums. These costs are ultimately borne by lawful employers.

To address this, FCF is collaborating with the recently-formed Construction Employers Alliance (CEA) and other institutional partners to closely monitor LIHTC-funded projects during the 2026 construction season. The goal is to obtain proactive enforcement of prevailing wage, misclassification, and payroll fraud/wage theft issues by bringing cases early, so that fraudulent contractors cannot evade accountability for their abuse. **Please contact FCF with any information or evidence related to these efforts.**

Federal Whiplash on PLAs Continues

The 2021 bipartisan Infrastructure Investment and Jobs Act (IIJA) and the 2022 Inflation Reduction Act (IRA) gave preference to projects that required Project Labor Agreements (PLA). In 2022, President Biden signed an executive order requiring PLAs on all federal projects more than $35 million. Research has consistently demonstrated that PLAs increase project coordination and efficiency, boost apprenticeship investment, and improve safety, and do not cost any more than comparable projects. In other words, PLAs are an effective policy tool to ensure that publicly funded construction projects create shared community benefits.

Despite this, the second President Trump administration issued two memoranda that effectively rescinded the Biden-era executive order. This was blocked by a federal judge in May 2025. And in June 2025, Office of Management and Budget Director Russell Vought issued a separate memo that stated, "The Trump administration supports the use of PLAs when those agreements are practicable and cost effective." While this phrasing left the administration wiggle room to intervene in future PLAs, it seemed the issue was basically settled.

Bringing it back to Minnesota, St. Louis County has required PLAs on projects more than $150,000 since 2004. In August 2025, the county sent an annual request to the Federal Highway Administration (FHWA) to continue using PLAs. FHWA has always approved this request, typically after about two months. At issue is $6.5 million from FHWA for five road projects, which is about 10% of the county's road and bridge construction budget.

After a lengthy delay in responding to the county's request, in December 2025, FHWA sent a two-sentence email to the county, stating that any use of PLAs without FHWA's approval would make projects ineligible for federal funding. Since then, there has been a political tug-of-war between local and state officials and federal representatives to get FHWA to approve the PLAs.

In order to get some projects moving forward, on April 13, St. Louis County announced a "one-time solution" with MnDOT to swap funding in 2026 and 2027, which will allow the Blatnik Bridge and two other projects to move forward this year, but would delay three of the projects until 2027. This delay would have reduced the county's 2026 construction program by about $9 million.

And the whiplash continued. On April 24, the *Minnesota Star Tribune* reported that FHWA had approved the county's earlier PLA request. This was confirmed by county officials the following week. Thus, it now appears that these projects *will in fact move forward* in 2026.

Our Mission

The Fair Contracting Foundation promotes prevailing wage law education, compliance and enforcement. It advocates for practices, policies and laws that ensure fair government contracts, a strong local industry and protection of the public interest. We're here to help. Give us a call at 651-797-2726 or toll-free at 1-844-777-0606.