FACT SHEET
Broadband Technology Opportunities Program
Davis-Bacon Act Requirements

Overview
Section 1606 of the American Recovery and Reinvestment Act (ARRA) of 2009, Pub. L. No. 111-5, 123 Stat. 115 (Feb. 17, 2009) (the "Recovery Act"), requires BTOP grant award recipients, subrecipients, contractors, and subcontractors to comply with the wage requirements of the Davis-Bacon Act (40 U.S.C. 3141 et seq.) and related laws and regulations, stating:

Notwithstanding any other provision of law and in a manner consistent with other provisions in this Act, all laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to this Act shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. With respect to the labor standards specified in this section, the Secretary of Labor shall have the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267; 5 U.S.C. App.) and section 3145 of title 40, United States Code.

Scope of the Davis-Bacon Act
The Davis-Bacon Act prevailing wage requirements apply to laborers and mechanics employed under contracts or subcontracts in excess of $2,000 for construction, alteration, or repair activities (including but not limited to painting and decorating) that are funded, in whole or in part, under BTOP grant awards.

- Laborers and mechanics – Are workers whose duties are manual or physical in nature, including apprentices, trainees, and helpers, but do not include workers whose duties are primarily managerial, administrative, executive, professional, or clerical. See 29 C.F.R. § 5.2(m).

- The $2,000 threshold – Pertains to the amount of the prime construction contract, not to the amount of individual subcontracts. Accordingly, if the prime construction contract exceeds $2,000, all construction work on the project (including subcontracts) is covered by the Davis-Bacon Act. See 29 C.F.R. § 5.5(a)(6).

- Construction, alteration, or repair activities – Are those occurring at the "site of the work" that involve the alteration, remodeling, or installation of items fabricated off-site; painting and decorating; manufacturing or furnishing of materials, articles, supplies, or equipment on the site of the building or work; and, in certain cases, transportation between the site of the work and other points. See 29 C.F.R. § 5.2(j).

- Site of the work – Is the physical place or places where the building or work called for in the contract will remain, and any other site where a significant portion of the building or work is constructed, provided that such site is established specifically for the performance of the contract or project, and includes job headquarters, tool yards, batch plants, borrow pits, etc., if they are dedicated exclusively, or nearly so, to performance of the contract or project, and are adjacent or virtually adjacent to the site of the work. The site of the work does not include permanent home offices, branch plant establishments, fabrication plants, tool yards, etc., of a contractor or subcontractor whose location and continued operation are determined wholly without regard to a particular Federal or Federally-assisted contract or project. See 29 C.F.R. § 5.2(l).

- Application to Governmental Agencies – Governmental Agencies, such as states or their political subdivisions, are not subject to the Davis-Bacon Act requirements when construction work is being performed by their own employees on a “force account” basis. See 29 C.F.R. § 5.2(h).
Davis-Bacon Act prevailing wage requirements are likely to apply to construction and related activities undertaken in connection with Infrastructure Round 1 and Comprehensive Community Infrastructure (CCI) Round 2 projects (together referred to as “Infrastructure” projects). In many cases, Davis-Bacon Act prevailing wage requirements will also apply to activities under BTOP grants for Sustainable Broadband Adoption (SBA) and Public Computer Centers (PCC), when construction and related activities (including minor renovation of facilities) can be segregated from the other work contemplated by the grant. See 29 C.F.R. § 4.116; F.A.R. § 22.402(b).

**Davis-Bacon Act Requirements**

Required contract provisions (appearing at 29 C.F.R. § 5.5) and the applicable wage determination(s) for the activities contemplated by a construction project must be included in any contract or subcontract to which the Davis-Bacon Act applies providing, among other items, that:

- Laborers and mechanics must be paid the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) at least once a week;
- No paycheck deductions or rebates are permitted, except as permitted under Department of Labor (DOL) regulations (29 C.F.R. §§ 3.5-3.6); and
- Wage and fringe benefit rates must be no less than those contained in DOL wage determination for the labor classification for the work actually performed.

The recipient is responsible for ensuring that the required contract provisions appear in all contracts and subcontracts entered into by recipients, subrecipients, contractors, and subcontractors for construction, alteration, and repair activities covered by the Davis-Bacon Act and related laws. See 29 C.F.R. §§ 5.5(a)(6),(b)(4). Applicable wage determinations included in the contract must be verified by the recipient within 10 days of the contract date.

In cases where state wage rates (determined under state statutes often called “Mini-Davis-Bacon Acts”) are higher than the Federal wage rates, the state wage rates take precedence and should be included in contracts in lieu of the lower Federal wage rates.

In cases of construction projects on tribal lands, the recipient should contact its assigned Federal Program Officer (FPO) for guidance on the interplay among the Davis-Bacon Act, state Mini-Davis-Bacon Acts, and the Tribal Employment Rights Ordinance (TERO).

Apprentices and trainees may be allowed to work on projects subject to Davis-Bacon if they are properly registered and the ratio to journeymen is no greater than allowed as to the entire workforce under the registered apprenticeship program or permitted under the trainee program. Please note that DOL can approve neither apprentices nor their wages. 29 C.F.R. § 5.5(a)(4). Apprentices must be in a certified training program. Such a program must be approved by the State or by the DOL Employment and Training Administration (ETA). See [http://www.doleta.gov/oa/](http://www.doleta.gov/oa/).

Contracts for amounts over $100,000 that are covered by the Davis-Bacon Act must include additional standard clauses (also appearing in 29 C.F.R. § 5.5) providing, among other things, that overtime for laborers and mechanics must be paid at a rate 1.5 times the basic rate of pay for time worked in excess of 40 hours per week.

In addition, the DOL Davis-Bacon poster (WH-1321) must be prominently posted at the site of the work. Refer to: [www.dol.gov/whd/regs/compliance/posters/fedprojc.pdf](http://www.dol.gov/whd/regs/compliance/posters/fedprojc.pdf).
Davis-Bacon Wage Rate Determinations

DOL conducts statewide surveys seeking payment data on wage and fringe benefit rates from construction contractors and other interested parties, such as labor unions. Wage determinations are issued by locality, typically on a county-by-county basis. Davis-Bacon Act wage determinations are published on DOL’s Wage Determinations OnLine (WDOL) website accessible at: www.wdol.gov. The Davis-Bacon Act prevailing wages are determined by DOL based on wages paid to various classes of laborers and mechanics employed on specific types of construction projects in an area.

If DOL has not published a wage determination for work that is needed to complete a BTOP construction project, the recipient may seek a Conformance. The recipient must submit a Conformance request using Standard Form (SF) 1444. Please go to www.wdol.gov/library.aspx to obtain a copy of the form and instructions.

To complete the form, the recipient must describe the work to be done (identified with a classification that is used in the subject area in the construction industry) and propose a wage rate that bears a reasonable relationship to existing wage determinations. Typically, the rate must not be less than the wage determination for an unskilled laborer and, for a skilled craft, must be at least equal to the lowest wage determination for any other skilled craft.

Recipients should submit the completed Form SF-1444 and the corresponding wage decision through their FPO. NTIA will review the SF-1444 and transmit it to the DOL Wage and Hour Division for review and approval.

Recordkeeping and Monitoring Obligations

Recipients, subrecipients, contractors, and subcontractors must prepare weekly certified payroll documentation using Form WH-347 (available at: www.dol.gov/whd/forms/wh347.pdf) or an equivalent, properly completed for laborers and mechanics performing activities covered by the Davis-Bacon Act requirements of the Recovery Act. Subrecipients, contractors, and subcontractors must submit this information to the BTOP grant award recipient on a weekly basis within seven days of the regular payment date of the subrecipient's, contractor's, or subcontractor's payroll period.

A recipient must review the weekly certified payroll documentation it receives from its subrecipients, contractors, and subcontractors on an ongoing basis. See 29 C.F.R. §§ 3.3-3.4. If a subrecipient receives the original payroll documents, the subrecipient should review these documents and forward the original documents to the recipient on a weekly basis within the time period described above. The required certification is the Statement of Compliance. It is located on the reverse side of a standard payroll form (WH-347). Contractors must complete the identifying information at the top, particularly when attaching the Statement of Compliance to an alternate payroll form such as a computer payroll.

Recipients, subrecipients, contractors, and subcontractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

The recipient shall investigate with sufficient frequency to assure that its subrecipients, contractors, and subcontractors are complying with the requirements of the Davis-Bacon Act and related laws. Such investigations shall include interviews with employees, which shall be taken in confidence; examinations of payroll data and evidence of registration and certification with respect to apprenticeship and training plans; and evidence of payments made under fringe benefit plans. The recipient should take particular care to determine whether an employer is using the correct wage classifications and place a priority on investigating complaints of alleged violations.

The recipient must maintain in its files the original Davis-Bacon Act payroll and other records it prepares for itself, as well as those prepared by subrecipients, contractors, and subcontractors. The recipient is not required to submit any of the payroll documents to the BTOP Grants Office unless the assigned Grants Officer makes a request for such
records. The payroll records must be maintained to be easily accessed by BTOP Grants Officers and by other duly authorized officials. The recipient must retain these records as provided in the Department of Commerce (DOC) Uniform Administrative Requirements for Grants and Cooperative Agreements, 15 C.F.R. § 14.53 or § 24.42, as applicable, generally for the later of three years after closeout of the award, or until any litigation, claim, or audit is resolved.

** Enforcement and Penalties **

Violation of the requirements of Section 1606 of the Recovery Act and the Davis-Bacon Act and related acts is a serious offense. Compliance is subject to audit during OMB Circular A-133 audits (including program-specific audits) of BTOP grant recipients and subrecipients, as well as audits and investigations by the DOC Office of Inspector General, the Government Accountability Office (GAO), the DOL Wage and Hour Division, and other duly authorized officials.

A violation of the Davis-Bacon Act wage requirements may lead NTIA to impose appropriate enforcement action in connection with a BTOP grant award, up to and including suspension or termination of the award. In addition, contracting parties are subject to payment of back wages, and suspension or debarment from future contracts for a period of up to three years. Monetary damages may also apply.

Falsification of certified payroll records or the required kickback of wages may subject a violator to civil or criminal prosecution, the penalty for which may include fines and/or imprisonment.

** Frequently Asked Questions **

I prepared my project budget using labor rates below those specified in DOL wage determinations. How do I request an increase in the size of my BTOP award?

NTIA will not increase the amount of Federal funding of a BTOP award for this reason. The recipient will need to fund the increased labor costs from other non-Federal sources.

What if I have already received bids for a contract that is covered by the Davis-Bacon Act requirements?

A BTOP recipient should ensure that the bidders for contracts and subcontracts covered under the Davis-Bacon Act use labor rates that are consistent with the DOL prevailing wage determinations. It is the recipient’s responsibility to ensure that all contracts and subcontracts covered by the Davis-Bacon Act satisfy the prevailing wage requirements. If the wage rates paid under the contract or subcontract do not meet the prevailing wage requirements, laborers and mechanics employed under the contract will be entitled to back wages, and additional penalties may apply.

What if I use the wrong prevailing wage?

Wage rates must be incorporated retroactive to the beginning of the contract. The BTOP recipient is responsible for any resulting cost increase. Maintaining a contingency fund for such an occurrence is prudent.

I cannot find wage determinations for the type of work my BTOP project requires. How can I incorporate the necessary wage determinations in my contracts?

You should contact your assigned Grants Officer, or the DOL Wage and Hour Division District Office nearest your location. The DOL has staff members in each of its District Offices that are available to assist Recovery Act award recipients, including BTOP recipients, with Davis-Bacon Act questions. It is possible that one of the existing wage determinations may apply or, if not, you will be required to request a Conformance.
Are my own employees subject to Davis-Bacon wage requirements? What if my employee performs more than one type of work?

State and local governments are not considered “contractors” or “subcontractors” subject to Davis-Bacon Act requirements with respect to their own employees when the work is being performed on a “force account” basis. Therefore, BTOP-funded work that a state or local government performs using its own employees is not subject to Davis-Bacon Act requirements. See 29 C.F.R. § 5.2(h). Note that this exception for state and local governments does not apply when the state or local government awards a contract to another entity to perform the work.

Other BTOP recipients and subrecipients are subject to the requirements of the Davis-Bacon Act and related laws with respect to their own employees, and should ensure that any employee's salary is at least equal to the level established by the proper Davis-Bacon Act prevailing wage determination when the employee is working as a laborer or mechanic performing construction, alteration, or repair work under a BTOP grant award.

In cases where an employee is performing more than one type of work, the employer may track the employee’s time and pay the employee at the proper prevailing wage rate for each hour he or she spends working within a particular labor classification. In the alternative, the employer may choose to pay the employee at a rate at least as high as the highest Davis-Bacon Act prevailing wage rate that applies to any work the employee performs.

When preparing my project budget, I planned to have volunteers complete a portion of the construction needed to complete my BTOP-funded Infrastructure project. Are volunteers exempt from the wage requirements of the Davis-Bacon Act?

There are no exceptions to Davis-Bacon Act coverage for volunteer labor unless an exception is specifically provided for in the particular Davis-Bacon Related Act under which the project funds are derived. The Davis-Bacon Related Act in this case is the Recovery Act, which does not provide such an exception for volunteer labor. Therefore, on BTOP-funded projects, the recipient and its subrecipients, contractors, and subcontractors must pay all workers performing work within the scope of the Davis-Bacon Act, including volunteers, in accordance with the applicable DOL’s Davis-Bacon Act prevailing wage determination. See 29 C.F.R. § 5.2(o).

What should I do if I find that underpayment of wages has occurred?

Where underpayments of wages have occurred, the employer will be required to pay wage restitution to the affected employees. Wage restitution must be paid promptly in the full amounts due, less permissible and authorized deductions. The contract administrator will notify the employer and/or prime contractor in writing of underpayments that are found during payroll or other reviews. The employer/prime contractor is allowed 30 days to correct the underpayments. The prime contractor is responsible to the contract administrator for ensuring that restitution is paid. Wage restitution is simply the difference between the wage rate paid to each affected employee and the wage rate required on the wage decision for all hours worked where underpayments occurred. If the employer is a subcontractor, the subcontractor will usually make the computations and restitution payments and furnish the required documentation through the prime contractor.

Additional Resources

For additional information on Davis-Bacon Act requirements, please refer to the following resources:

- ARRA Guidelines posted on BTOP Website: [www2.ntia.doc.gov/compliance#ARRA](http://www2.ntia.doc.gov/compliance#ARRA).
APPENDIX A: Guidance for Davis-Bacon Wage Rate Interviews

Each BTOP recipient is responsible for conducting wage interviews to ensure their contractors’ and subcontractors’ compliance with the Davis-Bacon Act provisions in Section 1606 of ARRA.

Recipients should follow the guidance listed below when conducting interviews:

- Use Standard Form 1445 or equivalent to memorialize interviews.
- Interview and capture responses from at least one worker per each contractor and subcontractor of onsite worker interviews.
- Interview different employees in the latter stages of the project than were interviewed towards the beginning of the project.
- Interview employees in confidence.

Recipients should record and maintain the following information in an interview file:

- Note of each employee’s duties performed and tools used.
- Dated signatures from worker(s) and interviewer.
- Place of interview.
- Any discrepancies between observations and employees’ statements.
- Comparison of information gathered during interviews with certified payroll records.
- Confirmation of payroll records/spot-checks.

Recipients should conduct additional interviews if there are allegations of violations or if discrepancies and inconsistencies in the interviews suggest that additional interviews are necessary.
APPENDIX B: Checklist for Completing SF-1444: Request for Authorization of Additional Classification and Rate

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<thead>
<tr>
<th>Question</th>
<th>Directions</th>
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<tbody>
<tr>
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<td>Check “Construction Contract” in the upper right-hand corner of the form.</td>
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<td><strong>Main Form</strong></td>
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<td>This section is already pre-filled.</td>
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</table>
| 2 | Insert the following information:  
*National Telecommunications and Information Administration  
U.S. Department of Commerce  
1401 Constitution Avenue, NW, Washington, DC 20230* |
| 3 | Name of prime contractor. |
| 4 | Date the prime contractor submitted the SF-1444 to NTIA. |
| 5 | Identification number associated with the prime contract (if applicable). |
| 6 | Bid letting/opening date. |
| 7 | Date that the prime contract was awarded. |
| 8 | Actual date that the prime contractor will start work. |
| 9 | N/A - Do not complete. |
| 10 | List of all subcontractors that will utilize the labor classification listed in box 13a. |
| 11 | BTOP award number and brief, but precise, description of work to be performed by the job classifications covered in this request. |
| 12 | Location (including city and county or counties) where the work is to be performed. If there are multiple counties and multiple wage decisions, fill out an SF-1444 for each wage decision, indicating the corresponding counties on the form.  
*For example, if wage decision A covers county X, and wage decision B covers counties Y and Z, you should fill out an SF-1444 for wage decision A in county X and a separate SF-1444 for wage decision B with counties Y and Z.* |
| 13 | “Number”: Enter the “General Decision Number” listed on the front page of the wage decision.  
“Dated”: Enter the "Publication Date" listed next to the General Decision Number. |
### 13a

The classification must be appropriate for the contract work, and must be a classification that is utilized in that locality by the construction industry.

- The contractor may not propose a new classification by combining job duties from two or more existing classifications on the wage determination, or propose a new classification that performs only part of the duties of an existing classification.
- The proposed classification cannot be a “trainee.” Generally, a proposed classification of “helper” will not be approved. Under Davis-Bacon Act provisions, a “helper” will not be approved by Department of Labor (DOL) unless the contractor establishes in his or her proposal that a “helper” is an established industry area practice.
- The proposed wage rate for the new classification should generally be no lower than the wage rate of the lowest skilled classification on the decision.
- Conformance requests should not be submitted for exempt classifications (e.g., project managers, full-time supervisors, and professionals such as engineers), nor for classifications other than “laborers or mechanics” employed on the site of work, as covered by the Davis-Bacon Act.
- The contractor must provide in box 13 or attach a brief description of work to be performed by the requested unlisted classification. The contractor should include all pertinent documentation that supports his or her request for approval of an additional classification.

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### 13b and 13c

The proposed rate should bear a reasonable relationship to the wage rates listed on the wage decision. The proposed fringe benefits should be the same as listed on the wage decision.

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### 14

If a subcontractor is listed on line 10, then a representative of the subcontractor must sign and list his or her title on this line.

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### 15

The prime contractor’s representative must sign on this line.

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### 16

If the contractor or subcontractor has a specific employee who will be performing the labor classification(s) listed in box 13a, the employee should sign this line and list his or her title in the “Title” box. If the contractor’s or subcontractor’s employees have legal representation (e.g., union employees), the employees’ representative should sign this line and list his or her title in the “Title” box. Otherwise, the box may be left blank.

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### Agree or Disagree

The “Agree or Disagree” boxes indicate whether the contractor and employees agree on the wage and fringe rates proposed in box 13. The boxes can be checked by anyone signing line 16. (If no one signs line 16, the boxes should not be checked.) If the employee or employee representative indicates disagreement with the contractor’s proposal, he or she must provide a statement supporting a recommendation for different rates.

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### Bottom of Form

Do not sign or check any boxes below line 16 and “Agree or Disagree.” NTIA will complete this portion of the form.

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### Attachments

Please attach a copy of the wage decision when submitting the SF-1444 to NTIA.
### Request for Authorization of Additional Classification and Rate

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the FAR Secretariat (MVP), Office of Policy Acquisition, GSA, Washington, DC 20405; and to the Office of Management and Budget, Paperwork Reduction Project (0000-0089), Washington, DC 20503.

**INSTRUCTIONS:** The contractor shall complete items 3 through 16, keep a pending copy, and submit the request, in quadruplicate, to the contracting officer.

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<th>ID number associated with the prime contract (if applicable)</th>
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**Title:** Request for Authorization of Additional Classification and Rate

**OMB Number:** 9000-0089

**Expiration Date:** 7/31/2014

**NTIA:** National Telecommunications and Information Administration

**U.S. Department of Commerce:**

1401 Constitution Ave. NW, Washington, DC 20230

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July 2012