


 Check out
 the video


Project Construction and Contract Administration

Contract Administration

Contractor Payroll Submittals and Statements of Compliance

www.fhwa.dot.gov/federal-aidessentials

Contractors are required to submit weekly employee payrolls on all federally funded projects



The Federal-aid Highway Program is subject to Federal laws that regulate fair labor practices and workers pay.

All contractors on federally funded projects are required by the U.S. Department of Labor to submit weekly payroll records that contain the employee's full name and employee number, classification code and hourly wage, hours worked, gross wages, itemized deductions, and net wages. Form FHWA-1273 - "Required Contract Provisions Federal-Aid Construction Contracts" - includes this requirement and other provisions mandated for federally assisted construction contracts.

The local public agency, or LPA, that uses Federal-aid funds is responsible for verifying that its contractors comply with these labor laws and all other Federal requirements.

In addition, a Statement of Compliance must accompany each contractor payroll.

Contractors are required to submit employee payrolls on all federally funded projects. Submitted payrolls are used to verify that the requirements of four labor related laws are complied with. These laws are the Copeland Act, the Davis Bacon Act, the Fair Labor Standards Act, and the Civil Rights Act.



These laws are important because they free employees from coercion, ensure payment of prevailing wages and benefits, provide for nondiscrimination of workers, and often require actions by Federal funding recipients.

The Statement of Compliance is attached to a payroll submittal and certifies that the payrolls are correct and complete, that the wage rates paid are not below those required by the wage decision in the contract, and that each laborer or mechanic's classification conforms to the work performed. The statement must be signed by an authorized agent of the contractor, indicating that the facts represented in the payroll are true.

First, let's look at The Copeland Act of 1934. This act was enacted to stop the common practice of contractors and subcontractors from forcing employees to give up part of their pay in order to continue working on a federally funded project. For this reason, the act is sometimes referred to as the "anti-kickback act."

As a first step, Federal-aid contracts must include the requirements of the act for contractors.

Violation of the act is a crime that can result in severe penalties, including fines and imprisonment.

Another law that deals with contractor payrolls that applies to Federal-aid contracts is the Davis-Bacon Act of 1931. This law requires that contractors and subcontractors pay on-site workers no less than the locally prevailing wages and benefits. The U.S. Department of Labor tracks this data and develops wage decisions that are incorporated into every Federal-aid contract.

The act applies to contractors and subcontractors who perform work on Federal or federally assisted construction contracts in excess of \$2,000. Therefore, the Davis-Bacon requirements are relevant for Federal-aid contracts.



The contractor may choose to use a U.S. Department of Labor Payroll WH-347 form to submit payroll information and the statement. While use of the form is optional, the information it provides is mandatory.

The weekly payrolls should be checked to verify that each laborer or mechanic has been paid an appropriate wage and has not been subjected to coercion by the employer.

Other laws and regulations, such as the Fair Labor Standards Act and the Civil Rights Act, have additional provisions for nondiscrimination in personnel practices, paying minimum wage rates, and ensuring job-site safety.

Let's now look at how an LPA complies with these requirements by using a fictional Johnson County project as an example.

Johnson County is in the process of awarding a construction contract. First, the county makes sure to include the Form FHWA-1273 into the construction contract. By signing the contract, the contractor agrees to comply with the requirements of nondiscrimination and non-segregated facilities; payment of minimum and prevailing wages; submission of payrolls and statements; and implementation of appropriate safety and accident prevention measures.

Then during the construction phase, the county verifies that the contractor is submitting weekly payrolls with a signed Statement of Compliance attached by using the form WH-347.

Johnson County has an operating policy to "trust, but verify" by reviewing all forms that the contractor submits.

The county performs spot-checks of the payrolls submitted and conduct brief interviews of contractor employees. This verifies that workers are being paid weekly and their benefits are in alignment with the information submitted in the payrolls.

Johnson County also maintains a project file to store each weekly submittal for quick and easy access to the payroll records and verification documents.

In summary, checking contractor payrolls and statements of compliance is essential in order for LPAs to verify that the contractor is following the requirements of the Copeland Act, the Davis Bacon Act, the Civil Rights Act, and the Fair Labor Standards Act.



LPAs have a stewardship responsibility to verify contractor compliance to ensure workers are paid appropriate labor wages and that projects will continue to have Federal funding participation.

Additional Resources

- Link to and instructions on how to use the U.S. Dept. of Labor Form WH-347
<http://www.dol.gov/whd/forms/wh347instr.htm>
- Policies covering Parts IV and V of form FHWA-1273 covering labor wages
<http://www.fhwa.dot.gov/programadmin/contracts/1273.cfm>
- Additional information regarding implementation of the Copeland Act
<http://www.dol.gov/whd/regs/statutes/copeland.htm>
- Additional information regarding Davis Bacon wages
<http://www.dol.gov/whd/regs/statutes/dbra.htm>

The content of this document is not a substitute for information obtained from State departments of transportation, appropriate FHWA Division Offices, and applicable laws. Scenarios have been simplified for emphasis and do not necessarily reflect the actual range of requirements applicable to the scenario or this topic. This document was created under contract number DTFH63-11-D-00026 by the Federal Highway Administration, U.S. Department of Transportation, and is offered to the public to heighten and focus awareness of Federal-aid requirements within the local public agencies community and reinforces the importance of these necessary policies, procedures, and practices.

This companion resource is the script content for the video production of the same name.