



BEST PRACTICES FOR CONTRACTORS

What Is Prevailing Wage?

The New Jersey Prevailing Wage Act (N.J.S.A. 34:11-56.25 et seq) establishes wages for workers to safeguard their efficiency and well being and protect both them and their employers from the consequences of unfair competition.

Public work projects are those funded in whole or in part with taxpayer dollars. Contracts awarded directly by municipal governments must be valued at \$16,263 or more to be covered by the Act. For all other public entities, including municipal utility authorities or boards of education, the threshold is \$2,000.

Work is defined as construction, reconstruction, alteration, custom fabrication, repair work, or maintenance, including painting. The work is either paid for in full or part by a public agency, or if the property is owned by a public entity at the time of the contract.

Any contractor interested in bidding or engaging in any public works contract is subject to the Prevailing Wage Act and must register with the Division of Wage and Hour Compliance.

All prevailing wage jobs require contractors to submit certified payrolls. These are due to the public body within 10 days that you pay workers' wages.

Why Does Prevailing Wage Matter?

- Ensures that government dollars do not undercut local wages and benefit standards.
- Prevents a race to the bottom among publicly funded contractors, which maintains a level playing field for all contractors.
- Fights poverty by ensuring workers earn middle-class incomes and receive appropriate benefits.
- Provides taxpayers with the highest quality work, increases worker productivity, reduces injury rates and make workers less reliant on government benefit programs.
- Increases the amount of work performed by local contractors, boosting state revenues.

