

Bulverde Business Solutions

BEYOND BOOKKEEPING. BUILT FOR GROWTH.

A PRACTICAL GUIDE FOR CONTRACTORS

Certified Payroll, Without the Guesswork

What prevailing wage reporting actually requires — written for the person who has to file it on Friday.

Every requirement in this guide is cited to the U.S. Department of Labor or the Code of Federal Regulations, so you can verify any of it yourself. Sources are listed at the back.

START HERE

Almost Nobody Fails at This Dishonestly

We prepare and submit certified payroll every week for contractors. In our experience the errors are almost never someone cutting corners — they're the predictable result of a complicated weekly obligation handled by a person whose actual job is something else.

The single most common error, by a wide margin, is a fringe benefit credit calculated from a monthly insurance premium without dividing by the hours actually worked. It is invisible until an audit. It creates real back-wage liability. And it takes about two paragraphs to explain properly.

So we wrote the two paragraphs down, along with everything else contractors keep asking us. That's section 5, and if you read only one section, read that one.

How this guide is organized

§	SECTION	READ IT IF
2	When certified payroll applies	You're not certain this job is covered
3	Reading a wage determination	You've never opened one
4	The weekly obligation and WH-347	You're filing for the first time
5	Fringe benefits, with the math	Everyone. Especially if you've been filing for years.
6	The Statement of Compliance	You're the one signing
7	Apprentices and deductions	You use apprentices, or deduct anything
8	Six findings we see most	You want to self-audit
9	Records and what an audit asks for	You've received a letter
10	The weekly checklist	You want one page on the wall

BEFORE YOU RELY ON ANY OF THIS

Prevailing wage law is fact-specific and the stakes are real. This guide explains the mechanics accurately and cites its sources, but it cannot tell you whether *your* project is covered or how *your* worker should be classified. Those are questions for your construction attorney or the contracting agency. Where you hit one, we say so.

SECTION TWO

When Certified Payroll Applies

The obligation attaches to how a project is funded, not to what kind of company you are. Most contractors discover it after they've already won the work.

The federal baseline: the Davis-Bacon Act

The Davis-Bacon Act applies to federally funded or assisted contracts **in excess of \$2,000** for the construction, alteration, or repair — including painting and decorating — of public buildings or public works. (U.S. DOL, Wage and Hour Division)

Two thousand dollars is a low bar. In practice, if a construction project involves federal money, assume the requirements apply until someone credibly shows you otherwise.

ALSO WORTH KNOWING

On contracts **exceeding \$100,000**, federal overtime provisions require at least one and one-half times the regular rate for all hours worked over 40 in a workweek. (U.S. DOL)

The one that surprises people: the Related Acts

A project does not have to be a federal contract. Under the **Davis-Bacon Related Acts**, federal agencies assist construction through **grants, loans, loan guarantees, and insurance** — and the prevailing wage provisions come along with that assistance. (U.S. DOL)

This is why a city street project, a school district building, or a housing development can carry federal requirements even though your contract is with a local entity. The money's origin governs, not the name on your contract.

Texas public works

Texas has its own prevailing wage requirement for public works, under **Texas Government Code Chapter 2258**. The distinguishing feature is that the applicable rate is determined by the public body awarding the contract rather than by the federal government.

State and federal obligations can both attach to the same project. When they do, the general rule of thumb is that the higher rate governs — but confirm it against the specific contract documents rather than assuming.

Flow-down to subcontractors

You may never speak to the funding agency. If a prime contract carries prevailing wage terms, those terms flow down to every subcontractor and lower-tier subcontractor performing covered work.

General contractors also carry exposure for their subcontractors' compliance. That's why GCs increasingly police sub payrolls closely and hold payment until the paperwork is acceptable — it isn't obstruction, it's self-protection.

THE PRACTICAL TEST

Read the contract documents and the wage determination before the first payroll runs. Not the last job's setup — *this* job's documents. Determinations differ by county, by project type, and by date.

SECTION THREE

How to Read a Wage Determination

A wage determination is the document that tells you what you must pay, by classification, on this specific project. Everything downstream depends on reading it correctly.

The two numbers that matter

For each classification, a determination lists a **base hourly rate** and a **fringe benefit amount**. Together they form the total required package.

EXAMPLE LISTING — READ IT AS TWO SEPARATE OBLIGATIONS	
Classification	Carpenter
Base hourly rate	\$28.50
Fringe benefits	\$9.75
Total required package, per hour	\$38.25

The base rate must be paid as wages. The fringe portion can be satisfied in more than one way — that's section 5, and it's where most errors live.

Classifications describe work, not job titles

This is the conceptual trap. A determination classifies *the work being performed*, not the title on someone's business card or the way your company organizes crews. A worker who spends Tuesday doing work that falls under a higher-paid classification is generally owed that classification's rate for those hours.

The determination's classification list frequently will not map neatly onto how your crew actually works. That mismatch is normal, and it is the origin of most classification findings.

If the work you need has no corresponding classification on the determination, there is a formal process for requesting an additional classification and rate. **Do not improvise a rate and reconcile it later** — raise it with the contracting agency before the work happens.

Get the right determination

- **Right project.** The contract documents should identify the applicable determination. Use that one.
- **Right county.** Rates are geographic. A determination for an adjacent county is the wrong document.
- **Right construction type.** Building, residential, highway, and heavy work carry different schedules.
- **Right version.** Determinations are revised. Which revision governs your project generally locks at a point tied to contract award or bid opening — confirm it, and keep a copy of the version you relied on.

KEEP THE PAPER

Save a dated PDF of the determination you built the job on, and keep it with that project's payroll records. If a rate is questioned two years later, the document you actually relied on is the answer — and it may no longer be the version published online.

SECTION FOUR

The Weekly Obligation and Form WH-347

Certified payroll is not a report you generate at the end of a job. It's a weekly duty with a signature attached.

How often

Certified payrolls must be submitted **weekly, for each week in which any covered work is performed.** (29 CFR 5.5)

A DISTINCTION WORTH UNDERSTANDING

The federal rule keys to *weeks in which covered work was performed*. But many agencies and general contractors also want a "no work performed" notation for idle weeks, so the payroll numbering sequence stays unbroken.

Follow what your job requires. A gap in the sequence reads to a reviewer as a *missing* record rather than a quiet week, and that's a conversation worth avoiding.

The form itself is optional. The reporting is not.

Use of **Form WH-347 is optional** — it exists for the convenience of contractors and subcontractors. What is *not* optional is submitting the required payroll information. (U.S. DOL, WH-347)

In practice this matters because many agencies and portals specify their own format. Using their form is not a deviation; the obligation is about content, not stationery.

What goes on the report

ELEMENT	WHAT REVIEWERS LOOK FOR
Worker identification	Name and an identifying number for each laborer and mechanic on the project
Classification	The classification matching the work actually performed that week
Hours by day	Daily hours, separating straight time from overtime
Rate of pay	The rate paid, which must be at least the determination's requirement
Gross earned	Both project gross and total gross where the worker also did other work
Deductions and net	Each deduction itemized with a permissible basis; net tying to actual payment
Fringe treatment	Whether satisfied by plan contributions, cash in lieu, or both
Statement of Compliance	Signed. See section 6.

Two habits that prevent most problems

- **Generate the report from the payroll you actually ran.** Assembled separately, the two drift — and the discrepancy then surfaces in an audit rather than on the Friday it happened.
- **Number payrolls per project, in sequence, from the start.** Concurrent jobs each need their own unbroken sequence. Retrofitting numbering onto twenty weeks of filings looks worse than it is.

SECTION FIVE · READ THIS ONE

Fringe Benefits, and the Math Everyone Gets Wrong

This is the most common error we find, and it is almost always made by contractors acting in good faith who believe they are comfortably over the requirement.

How fringe can be satisfied

The fringe portion of a determination may be met through **contributions to — or reasonably anticipated costs of — bona fide benefit plans, funds, or programs, or by paying workers cash in lieu of fringe benefits**, or by a combination of both. (U.S. DOL, WH-347 instructions)

The error

The fringe obligation is **hourly**. Benefit costs are usually **monthly**. Comparing the two without converting produces a number that feels generous and is wrong.

THE WRONG WAY — COMPARING UNLIKE UNITS

Health premium paid by employer	\$650 / month
Fringe obligation for a 40-hour week (40 × \$9.75)	\$390 / week
Reasoning: “\$650 is more than \$390, so we’re covered.”	Incorrect

The premium buys a month of coverage. The obligation is per hour worked. To compare them you have to put the benefit on an hourly basis.

SECTION FIVE, CONTINUED

The Conversion

Put the benefit on an hourly basis, then compare it to the hourly obligation. That single step is the whole fix.

THE RIGHT WAY — CONVERT THE BENEFIT TO AN HOURLY CREDIT	
Annual employer cost ($\$650 \times 12$)	\$7,800
Hours actually worked in the year	2,080
Hourly fringe credit ($\$7,800 \div 2,080$)	\$3.75 / hour
Fringe required by the determination	\$9.75 / hour
Shortfall that must be paid in cash	\$6.00 / hour

On a single 40-hour week that shortfall is **\$240 for one worker**. The contractor who believed they were \$260 ahead was in fact \$240 behind, every week, per worker.

WHY THIS BECOMES A LARGE NUMBER

\$240 per worker per week, across six workers on a thirty-week job, is **\$43,200 in back wages** — accrued by a contractor who thought they were being generous, on a job that felt like it went fine.

Nothing about this error is visible on a profit and loss statement. It surfaces in an audit, or when a worker complains.

Three things to get right

- **Divide by hours actually worked**, not by a nominal 2,080 you assumed. A worker at 1,700 hours produces a different credit than one at 2,080.
- **Only bona fide plans count**. An informal arrangement, or a cost that isn't genuinely a benefit contribution, is not creditable.
- **Cash in lieu is simpler and always available**. If the plan math is uncertain, paying the fringe as additional cash wages is the conservative route — it costs more but it is very hard to get wrong.

ONE PLACE TO GET HELP

The precise method for converting a plan cost to an hourly credit — and whether an annualization requirement applies — depends on the type of plan. Defined contribution and pension arrangements are treated differently from health insurance. If your fringe is satisfied through anything other than straightforward cash in lieu, have the calculation reviewed rather than inferred.

SECTION SIX

What You're Certifying When You Sign

The signature page is the part with teeth. It converts a clerical error into a false certification, which is a different category of problem.

The three assertions

The statement of compliance certifies that:

- 1 The payroll information is **accurate, complete, and properly maintained**.
- 2 Each worker received **the full weekly wages earned, without rebate** — nothing given back directly or indirectly.
- 3 Each worker was paid **not less than the applicable wage rates and fringe benefits** for the classification of work performed. (29 CFR 5.5)

DOL's own framing of the certification is that the payrolls are accurate and complete and that each laborer or mechanic has been paid not less than the required prevailing wage rate, *including any fringe benefits*, for the work performed. (U.S. DOL, WH-347)

THE PRACTICAL CONSEQUENCE

An honest arithmetic mistake on a payroll is a correctable error. The same mistake, signed and certified, is a false statement — and that shifts the nature of the exposure considerably. This is the reason to build the statement alongside each weekly payroll rather than reconstructing a stack of them at the end of a month.

Who should sign

Someone with actual authority and actual knowledge. In small companies these are often the same person; in larger ones they frequently aren't. If the person signing cannot personally speak to how the fringe credit was calculated, that's a gap worth closing before the signature, not after.

Three habits worth adopting

- **Sign contemporaneously.** Prepare the statement with its payroll, in the week it belongs to.
- **Never backdate.** Late is a scheduling problem. Backdated is a credibility problem.
- **Read the deductions line before signing.** It's the field most likely to contain something nobody can explain.

SECTION SEVEN

Apprentices and Deductions

Two narrower topics that produce a disproportionate share of findings, because both look simpler than they are.

Apprentices

An apprentice may be paid less than the full journeyman rate **only if individually registered in an approved program**. Not enrolled in a class, not learning on the job, not called an apprentice internally — individually registered.

There is also a ratio limit. The permissible ratio of apprentices to journeymen **must not be greater than the ratio permitted to the contractor for its entire workforce under the registered program, or the ratio applicable to the locality**. Workers employed beyond the approved ratio must be paid the full applicable prevailing wage rate. (29 CFR 5.5)

HOW THIS GOES WRONG IN THE FIELD

A foreman staffs a crew for the work in front of him — three apprentices and one journeyman — without reference to a ratio nobody mentioned. The rate difference then converts to back wages for every hour over the limit. The paperwork error happened in the office; the compliance error happened on site.

What to have on file

- Registration documentation for each apprentice, by name
- The program's approved ratio, in writing
- The wage schedule showing the apprentice's step or period
- Crew composition records sufficient to show the ratio was observed on site

Deductions

Wages must be paid **without subsequent deduction or rebate on any account**, except for deductions that are permissible. Only deductions set forth in **29 CFR part 3** may be taken. (29 CFR 5.5)

Statutory items — payroll taxes, court-ordered support — are not the problem. The problem is the miscellaneous category: an advance being recovered, a tool charge, damaged equipment, a uniform, a loan repayment. Each of those needs a permissible basis and proper authorization, and each needs to be itemized on the report rather than quietly netted into a smaller check.

A USEFUL INSTINCT

If a deduction has the effect of returning part of a prevailing wage to the employer, treat it as a problem until proven otherwise. That's the exact scenario the "without rebate" language exists to prevent.

SECTION EIGHT

Six Findings We See Most

Use this as a self-audit. If any row makes you pause, that's the one to go look at.

FINDING	HOW IT HAPPENS TO HONEST CONTRACTORS
1. Fringe credit miscalculated	A monthly premium treated as covering an hourly obligation without dividing by hours worked. By far the most common, and the most expensive. See §5.
2. Wrong classification	A worker paid as a laborer while performing work falling under a higher classification. The determination's list didn't obviously match how the crew works, so someone picked the closest fit.
3. Apprentice issues	An apprentice rate paid to someone not individually registered, or a crew exceeding the approved ratio. Both convert to journeyman-rate back pay. See §7.
4. Gaps in the sequence	Payroll numbering with holes in it. Even where a filing wasn't strictly required, a gap reads as a missing record. See §4.
5. Unexplained deductions	Amounts withheld without an itemized, permissible basis — often a tool charge or an advance being recovered informally. See §7.
6. Owners on the tools	An owner or working supervisor performing covered labor and omitted from the report because they take a draw rather than a wage. Time performing covered work is generally reportable regardless of how the person is paid.

ON FINDING NUMBER SIX

Purely supervisory or executive time is treated differently from time performing covered labor. Where an owner does both in the same week, the split matters and it is fact-specific. If that describes you, it's worth resolving deliberately rather than by default.

What happens when a finding lands

The immediate consequence is usually financial and procedural rather than dramatic. An agency may **withhold funds and suspend payments** upon a violation, and a breach may constitute grounds for **debarment as a contractor and a subcontractor**. (29 CFR 5.5)

In practice the usual sequence is: reports questioned, progress payment held, back wages computed and paid as restitution, corrected payrolls filed. Debarment sits at the far end and is not where a first honest error typically leads.

THE CASH FLOW POINT

Long before any of this becomes a compliance problem, it is a **cash flow problem**. A contractor three weeks behind on paperwork can be three weeks behind on a draw — on a job where payroll still has to clear every Friday.

SECTION NINE

Records, Retention, and What an Audit Asks For

The difference between a stressful audit and a routine one is almost entirely whether the answer already exists or has to be assembled.

How long to keep it

Payrolls and basic records must be preserved **for at least three years after all the work on the prime contract is completed.** (29 CFR 5.5)

NOTE THE TRIGGER CAREFULLY

The clock runs from completion of **the prime contract** — not from your last day on site, and not from the calendar year. On a long project where you finished early, your retention period may run considerably longer than you'd assume.

What to keep, organized by project and week

Payroll side

- Weekly certified payrolls as filed
- Signed statements of compliance
- Underlying payroll registers
- Time records showing daily hours
- Proof of payment
- Deduction authorizations

Project side

- The wage determination version relied on
- Contract clauses imposing the requirements
- Any approved additional classifications
- Apprentice registrations and program ratios
- Benefit plan documents and cost records
- Portal submission confirmations

What a reviewer typically wants

- 1 **The determination you used**, and evidence it's the right one for this project, county, construction type, and date.
- 2 **A worker traced end to end** — determination classification, hours from time records, rate paid, fringe treatment, deductions, net paid, proof of payment.
- 3 **The fringe calculation shown**, not asserted. If a plan credit was claimed, the arithmetic and the plan documents.
- 4 **Apprentice documentation** for anyone paid below journeyman rate.
- 5 **An explanation for every deduction** that isn't a statutory withholding.
- 6 **A complete numbering sequence**, with idle weeks accounted for.

IF YOU FIND SOMETHING YOURSELF

Finding your own error is a substantially better position than having someone find it for you. Corrected payrolls can be prepared and refiled, and restitution can be calculated and paid.

Where the exposure looks meaningful, get your construction attorney involved before you start filing corrections — the accounting fix and the legal strategy should be decided together, not sequentially.

SECTION TEN

The Weekly Checklist

Print this page. The point is that it's the same list every week — the discipline is what prevents the findings in section 8, not cleverness.

ONCE PER PROJECT, BEFORE THE FIRST PAYROLL

- ☐ Correct wage determination identified, saved as a dated PDF, and filed with the project
- ☐ County, construction type, and applicable version all confirmed
- ☐ Every classification on the crew mapped to the determination
- ☐ Base rate and fringe rate recorded *separately* for each classification
- ☐ Fringe method decided per classification: cash in lieu, plan credit, or both
- ☐ Plan-credit arithmetic calculated and documented, if any credit is being claimed
- ☐ Apprentice registrations collected and approved ratio confirmed in writing
- ☐ Submission destination, format, and deadline confirmed for this job
- ☐ Payroll numbering sequence started at 1 for this project

EVERY WEEK

- ☐ Daily hours collected for every worker on the project
- ☐ Classification verified against the work actually performed this week — not copied forward
- ☐ Apprentice ratio observed on site this week
- ☐ Payroll processed; report generated from that payroll, not assembled separately
- ☐ Gross, deductions, and net tied to the payroll register
- ☐ Every deduction itemized with a permissible basis
- ☐ Fringe treatment shown correctly for each worker
- ☐ Owners or working supervisors who performed covered labor included
- ☐ Payroll number correct and in sequence
- ☐ Statement of Compliance prepared and signed by someone with authority and knowledge
- ☐ Submitted to the right destination by the deadline
- ☐ **Submission confirmed** — not assumed
- ☐ Copy filed with this project's records

WHEN SOMETHING COMES BACK

- ☐ Rejection reason read and understood, not just resubmitted
- ☐ Root cause checked against other weeks and other projects
- ☐ Corrected payroll prepared and refiled
- ☐ Restitution calculated and paid where a worker was underpaid
- ☐ Attorney consulted if the pattern extends across a project

REFERENCES

Sources

Every requirement stated in this guide comes from one of the following. We've kept the list short deliberately — these are the primary sources, not a bibliography.

- **U.S. Department of Labor, Wage and Hour Division** — Government Contracts: Construction (Davis-Bacon and Related Acts). Coverage threshold, Related Acts scope, overtime provisions.
dol.gov/agencies/whd/government-contracts/construction
- **U.S. Department of Labor** — Form WH-347 and instructions. Optional use of the form, weekly submission, statement of compliance content, fringe benefit treatment.
dol.gov/agencies/whd/forms/wh347
- **29 CFR § 5.5** — Contract provisions and related matters. Weekly submission, statement of compliance, apprentice registration and ratios, permissible deductions, record retention, withholding and debarment.
ecfr.gov/current/title-29/part-5/section-5.5
- **29 CFR Part 3** — Permissible deductions from wages.
- **Texas Government Code, Chapter 2258** — Prevailing wage rates on state and local public works projects.

About Bulverde Business Solutions

We handle bookkeeping, payroll, and financial operations for contractors, trades businesses, and medical practices across Texas and nationwide. We process roughly **8,000 payrolls a year**, and prevailing wage work is a routine part of that.

On certified payroll specifically, we prepare and submit the reports every week as part of running payroll — including wage determination setup, fringe calculations, statements of compliance, portal filings, and the corrections and resubmissions that come back. Not as a separate add-on with a separate person, and not as a report we email you to file yourself.

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Prevailing wage law is fact-specific and changes over time. Whether a particular project is covered, how a particular worker should be classified, how a specific benefit plan credit should be annualized, and what a specific contract requires are all questions that depend on facts this guide cannot know. Verify requirements against the primary sources above and the contract documents for your project, and consult your construction attorney or the contracting agency on questions of coverage, classification, and interpretation.

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