

# NYC contractor pays \$431k to settle prevailing wage dispute

Under the Davis-Bacon Act, employers are required to pay prevailing wages to employees who work on federal contracts. Sam Schwartz Engineering, a paving contractor on a federal project in Manhattan, found out the hard way that violating the prevailing wage rule is expensive.

Department of Labor investigators found that flaggers on the project were misclassified and paid between \$15 and \$25 per hour. The prevailing wage for flaggers is \$44.49 per hour. The DOL also found the employer failed to pay the workers overtime when they worked more than 40 hours a week and did not pay proper holiday pay and did not pay them weekly as required on federally funded projects.

The firm has agreed to pay 31 workers a total of \$431,715 to resolve the matter.

**Note:** If you are a federal contractor, consult your attorney to ensure all pay practices meet contract requirements.