

New Prevailing Wage Requirements for Charter School Construction Projects

February 26, 2024

Michigan's new Prevailing Wage for State Projects Act (the "Act") became effective on February 13, 2024, and is substantially similar to a prior statutory prevailing wage requirement which was repealed in 2018.

The Act requires construction workers who are working on public sector capital improvement projects sponsored or financed by the state, to be paid wages and fringe benefits that are commensurate with the wages and fringe benefits paid to other construction workers working in the same locality on similar contracts.

For charter schools, construction projects sponsored or financed by the state, generally include school construction, demolition or improvement projects which are:

- Subject to competitive bidding requirements under Section 1267 of the Revised School Code (MCL §380.1267); and
- Paid for in whole or in part with State School Aid or financed with bonds or other debt instruments that are repaid in whole or in part with State School Aid.

Since a charter school's primary source of funding is State School Aid, it is likely that most if not all construction projects will be paid in whole or in part from State School Aid, causing the project to be sponsored by the state and thus subject to the prevailing wage requirements.

It should also be noted that the competitive bidding requirements under Section 1267 only apply to construction projects with a value equal to or greater than the competitive bidding threshold under Section 1267. For the 2023-24 school year, this threshold is \$29,572. State-sponsored construction projects with a value below this threshold would not be subject to the prevailing wage requirements.

Please contact your Miller Canfield attorney or the authors of this alert with questions about the new prevailing wage requirements under the Act.