Fringe Benefit Determination

If an employee's fringe benefits are paid to a funded plan, the following criteria apply:

1. Contributions to funded plans must be made irrevocably and at least quarterly to a third party trust.
2. When per the hour contribution for benefits paid into a plan does not equal the total rate set forth in the wage determination, the difference must be paid to the employee in cash.
3. Employees excluded from funded plans must be paid fringe benefits in cash.
4. Vacation and sick leave plans are generally unfunded, paid from the contractor's own account, and require Department of Labor approval before a contractor takes credit toward meeting the fringe benefit obligation.

The following method must be used to determine if the amount contributed to the plan equals the amount required to be paid for fringe benefits per the appropriate Davis-Bacon Wage Decision.

METHOD: In determining the cash equivalent credit for fringe benefit payments, take the total amount that would be paid into the funded plan for a year and divide by 1820 hours.

EXAMPLE: Contractor pays $50/month to a funded health insurance plan. Davis-Bacon Wage Rates require $4/hour paid for fringe benefits.

FORMULA: ($50 x 12) divided by 1820 = 33 cents as the cash equivalent.

RESULT: The contractor must pay $3.67 to the employee in cash for fringe benefits and the remaining 33 cents to the funded plan. The contractor must note on the back of the payroll under (4) (a-c) how fringe benefits are paid and provide documentation for the funded plan as listed below.

Adequacy of fringe benefits will be determined by the DC based upon a review of the following information that you are requested to submit:

1. Description of the coverage that you provide those employees and the name, address and phone number of the third party trustee.
2. Signed authorization of those employees to accept those specific employer-paid contribution amounts considered bona fide fringe benefits.
3. Or the providers proof of payment into the plan, fund or program (i.e., monthly billing statement).

This adequacy is applicable for one (1) year from the date of review and applies only to HUD funded projects.

The above requested information must be submitted to:

Oklahoma Department of Commerce
Community Development
900 N. Stiles
Oklahoma City, OK 74104-3234