

DBRA-94

May 9, 1979

This is in reply to your recent letter requesting permission, in cases where a contractor is sponsoring the training of apprentices, to offset the cost of such a program against the apprentice training fringe benefit payment required by certain prevailing wage decisions issued pursuant to the Davis-Bacon Act.

This Department has no objection to a contractor crediting the cost incurred in funding a bona fide apprentice training program against his obligation to pay such fringe benefits. See section 5.5(a)(4) of Regulations, 29 CFR Part 5, copy enclosed.

The contractor may take credit for actual training costs such as tuition, educational materials and other like items which he provides for the apprentice. The contractor may offset his annual cost for apprentice training by converting the cost to an hourly cash equivalent. The hourly cash equivalent would be determined by dividing the cost by the total number of working hours (Government and non-Government work) to which the cost is attributable. Assuming the apprentice training program is for carpenters, the working hours of the contractor's carpenters must be used. Since construction workers as a whole usually do not work a full year (2,080 hours), the total hours worked by the contractor's carpenters and carpenter apprentices, if any, for the preceding calendar year will be considered as representative of a normal work year for purposes of the above formula. The hourly cash equivalent thus obtained would be the contractor's permissible offset on the Government contract work. The contractor's cost may not be amortized over a period longer than the training period the cost was intended to cover. We note for your information that, where the cash wage and the per hour cost for fringe benefits together do not equal the prevailing wage rate as determined by the Secretary of Labor, the balance due must be paid in cash to the affected employees.

Sincerely,

Dorothy P. Come
Assistant Administrator