

ALLOWABLE DEDUCTIONS

REFERENCE: *Prevailing Wage Resource Book*, U.S. Department of Labor's Employment Standards Administration, Wage and Hour Division.

"The Copeland "Anti-Kickback" Act (CA) applies to Davis-Bacon Act and Davis-Bacon and the Related Acts contracts. The Copeland "Anti-Kickback" Act and implementing regulations in 29 CFR 3 collectively provide for the following safeguards:

*...Regulate payroll deductions from wages."

It goes on to state,

"29 CFR 3.5 permits the following deductions from wages without the approval of the Secretary of Labor:

1. Deductions for social security or federal or state income tax withholding.
2. Deductions for bona fide prepayment of wages.
3. Deductions of court ordered payments.
4. Deductions for contributions to fringe benefit plans, provided that the deduction is not prohibited by law, that it is either voluntarily consented to by the employee in writing in advance of the time the work is done or provided for in a collective bargaining agreement, that no profit or other benefit is obtained by the contractor, and that the deduction serves the convenience of the employee.
5. Deductions for the purchase of US saving bonds when voluntarily authorized by the employee.
6. Deductions to repay loans or to purchase shares in a credit union.
7. Deductions voluntarily authorized for contributions to organizations such as the Red Cross, United Way, or other similar charitable organizations.
8. Deductions to pay union initiation fees and membership dues, provided that a collective bargaining agreement provides for such deductions."

To summarize, there are several allowable deductions for which an employee's "voluntary consent" is required, and consequently, the only way to ensure such consent is to document it in writing in the project file. There are other deductions for which no consent is required, however, to justify that these "other" deductions are allowable by the DOL, it is necessary for the contracting agency to document the legitimacy of such deduction (e.g. references to collective bargaining agreements, court ordered child support payments, and repayment of loans.) For the agency's convenience, this office requires such documentation only the first time the deduction appears on a payroll, and not every time such a deduction appears.