

Another Prevailing Wage Update: Illinois Prevailing Wage Act Now Applies to *Federal* Construction Projects!?!

Labor & Employment Law Update

By Beverly Alfons and Jeffrey Risch on August 21, 2025

On August 14, 2025, Governor J.B. Pritzker signed Illinois House Bill 1189, which amends the Illinois Prevailing Wage Act (IPWA) in a way that impacts how “public work” projects are defined and labor hours are paid on federal construction projects in Illinois.

[Background on IPWA](#)

IPWA is a state law that requires all contractors and subcontractors performing work on state and local publicly funded or assisted construction-related projects to pay all laborers, workers, and mechanics the prevailing wage and benefit rates established and in place for each labor classification in the locality (county) where the work is actually performed.

For Illinois public works projects, the local prevailing wage and benefit rates are determined by the Illinois Department of Labor (IL DOL), which collects and surveys wage and benefit data from labor unions and their collective bargaining agreements. Illinois prevailing wage rates are updated at various times throughout the year depending on the underlying union contract(s) relied on by the IL DOL.

The federal Davis-Bacon Act and related acts (e.g., McNamara-O’Hara Service Contract Act) require all contractors and subcontractors performing work on federally funded or assisted construction-related contracts in excess of \$2,000 to pay their laborers employed under the contract no less than the “locally prevailing wages and fringe benefits” for corresponding work on similar projects in the area. For federal projects, the applicable prevailing wage and benefit rates are determined by the U.S. Secretary of Labor, usually on an infrequent, irregular basis.

Latest IPWA Amendment

The latest amendment to the IPWA expands the definition of “public works” to include all federal construction projects administered or controlled by a local or state public body in Illinois if the prevailing wage rate is equal to or exceeds the prevailing wage determination by the U.S. Secretary of Labor for the same locality and type of construction used to classify the federal construction project.

This means that on public works projects in Illinois, and controlled by a “public body” that receive federal funding, covered workers must receive the highest prevailing wage, whether or federal or state. This change is also significant because it means that all IPWA requirements (notices, certified payroll, etc.), the authority of the IL DOL to enforce the IPWA, etc. can apply to those federal construction projects that fall under the IPWA’s new definition of “public works.”

How the Latest IPWA Amendment Impacts Contractors

In most (if not all) cases, the prevailing wage and benefit rates determined by the IL DOL have been historically higher than the rates determined by the U.S. Department of Labor. This may be less so in the coming years as the U.S. DOL revised its methods in establishing the rates on October 23, 2023, in a manner very similar to the IL DOL’s methods.

This latest amendment adds yet another layer of complexity to the already confusing maze of prevailing wage laws. While federal preemption and other grounds exist to push back and challenge what appears to be a legislative overreach, construction developers, owners, contractors, and public bodies in Illinois must be aware of what is at play concerning this new change to Illinois law.

Now more than ever, it is imperative for all tiers of contractors that perform work on federally funded jobs in Illinois be familiar with the ins and outs of payment and reporting requirements under the IPWA.

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