



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

October 5, 2015

Special Attention of
All FHA Approved Multifamily Mortgagees
All FHA Approved 232 and 242 Mortgagees

MORTGAGEE LETTER 2015-25

SUBJECT: Implementation of Electronic Submission of Davis-Bacon Wage Rate
Certifications

With this Mortgagee Letter, the Department of Housing and Urban Development (HUD) introduces a new method for submission of Davis-Bacon Prevailing Wage Payroll Certifications that are to be completed by construction contractors and submitted to the Labor Enforcement Field Staff at HUD. The objective is to automate the payroll review process through a subscription Commercial Off The Shelf (COTS) web-based service for federally funded and/or assisted construction projects receiving HUD grants, loans, loan guarantees and/or insurance to improve HUD's Davis-Bacon oversight and compliance.

I. PURPOSE

A. Background

The Office of Labor Standards and Enforcement (OLSE) is responsible for the administration and enforcement of Federal labor standards provisions in HUD programs. These standards include those contained within the Davis-Bacon and other Related Acts (DBRA), the Copeland Act and the Contract Work Hours and Safety Standards Act. Additionally, the Office of Labor Standards is responsible for the administration and enforcement of prevailing maintenance wage requirements of the U. S. Housing Act of 1937, the Native American Housing Assistance and Self-Determination Act of 1996. OLSE seeks to implement a web-based, electronic certified payroll tracking subscription to monitor compliance with the Davis-Bacon and Related Acts (DBRA).

B. General Objectives of the Davis-Bacon Payroll Subscription

The overall objective of this Mortgagee Letter is to announce HUD's planned implementation of an automated payroll review process via a subscription to a web-based service for federally funded or assisted construction projects receiving HUD grants, loans, loan guarantees, and/or insurance to improve HUD's Davis-Bacon oversight and compliance.

The subscription service shall enable OLSE to improve its monitoring and compliance oversight functions of Davis-Bacon wage rates for all HUD directly administered projects (multifamily, hospitals, nursing homes, Rental Assistance Demonstration (RAD) Sections 202 and

811 and other assisted construction) that are subject to Davis-Bacon wage requirements. This web-based subscription service is to be used on all in-house contracts where staff performs the administration and enforcement of labor standards compliance, and will likely expedite the review and approval process functions. In-house labor compliance is performed for all multifamily insured projects.

C. Implementation of the Electronic Submission of Davis-Bacon Payroll Certifications in HUD Programs

This Mortgagee Letter describes and identifies:

1. The implementation schedule for preliminary use, then mandatory use, of the Davis-Bacon Electronic Certification Submission tool;
2. The HUD programs that will use the program for submission of the Davis-Bacon reports to fulfill the Davis-Bacon Electronic Certification Submission Program requirements;
3. The system user access credentials and methods; and
4. The training and self-help resources, technical assistance and help desk resources available to users.

D. Standard Names

To avoid confusion and to aid communication, the common name for the combination of software and systems tools herein described for the electronic submission of Davis-Bacon wage rates certification is the “Davis-Bacon Electronic Certification Submission Program” or the “Davis-Bacon ECSP.”

II. IMPLEMENTATION CALENDAR AND PROGRAMS COVERED

A. Calendar for Implementation/Participants

All program participants are invited and encouraged to begin using the Davis-Bacon ECSP for the submission of Davis-Bacon wage reports submitted to HUD beginning on the first business day following 30 days after the date of publication of this Mortgagee Letter.

Participants include all general contractors required to use Davis-Bacon prevailing wages and participating in HUD/FHA insured multifamily programs and/or directly administered projects that are subject to Davis-Bacon wage requirements. The program will initially be implemented for new construction/substantial rehabilitation projects located in the Southwest Region that have yet to reach initial endorsement. **Use of the Davis-Bacon ECSP will be mandatory for all Davis-Bacon Payroll certification submissions after March 31, 2016 for all projects that are less than 50% complete. This requirement applies to all programs identified in paragraph B below.**

B. Applicability to HUD Programs

This Mortgagee Letter applies to all FHA insured construction loans; Section 542 Risk Share construction loans, any healthcare construction loans (Section 232, 242 or Title XI) and to all

Public Housing Authority construction loans, specifically including FHA insured construction loans made through the Rental Assistance Demonstration (RAD) program.

III. SYSTEM ACCESS AND USER CREDENTIALS

A. System Summary

The Davis-Bacon ECSP provides the following functions in managing prevailing wage data. These are:

- Electronic submission of Certified Payroll data from contractors and subcontractors;
- Access by contractors and subcontractors from any location via the Internet;
- Ability to import and export data files from the contractors' and subcontractors' existing payroll systems;
- Storage and maintenance of Federal prevailing wage rates including fringe benefits, workers compensation classification codes, and trade classifications;
- OLSE's/HUD's ability to provide email notification of non-compliance with the various programs to contractors and subcontractors;
- Capability to calculate restitution and generate e-mail alerts of non-compliance to contractors and program administrators;
- Reproduction of semi-annual and annual certified payroll reports in both digital and hard copy formats; and
- Standard and ad-hoc reporting functions delineated by the OLSE/HUD (statistical and graphical formats) made available via hard copy and digitally.

B. User Credentials & Access

Credentials, passwords and roles for the Davis-Bacon ECSP will be managed as follows:

1. Prime/General Contractors and Subcontractors - will access the submission portal through the web based connection which will provide identification and a password specific to the user. The ID will be the email address on record of the individual. An initial Password will be provided that can be changed after the individual logs into the system. Individuals will also select a PIN which becomes their Electronic Signature for signing Payrolls. The secure website connection is located at: <http://www.elationsys.com/elationsys/Solutions/Default.aspx>
 - a. Customer support for users' application, authorization, and authentication questions is provided through the Customer Service Team. Contact information for the Team will be communicated when the Contractor is assigned to the

project. Prime Contractors will receive phone numbers and email addresses for the Support Team. Subcontractors will receive email addresses.

2. HUD Supervisors in OLSE who are responsible for staff review of wage rate should request access, and an appropriate role for staff whose work assignments will include review or management of certifications. Available roles include the following:
 - a. Assigner: a person who will assign certifications to others for review;
 - b. Reviewer: a person who will review and make a decision on a wage rate certification assigned to them. A person in a reviewer role may reassign a file to another person with the reviewer role. Only a person in the reviewer role may approve or reject a submitted wage rate certification.
 - c. Viewer: A person who may have read only access to submitted wage rate certifications.
3. Users should be aware that credentials and permissions unused for 90 days are terminated as a security safeguard. When user credentials are terminated the user must contact the Prime Contractor if the user is a subcontractor. A Prime Contractor must contact the Support Team in order to have access restored.
4. All users should bear in mind that the Support Team will answer access and software related questions, including technical questions about the data included on the wage certifications. They will not provide compliance decisions but they will provide information to be used by the Prime Contractor or HUD Labor Relations Specialist to make a decision.

IV. TRAINING FOR THE DAVIS-BACON ECSP, AND FUTURE REVISIONS

Training for Davis-Bacon ECSP users will be provided by OLSE in a variety of ways including live presentations at industry related meetings and webinars. Many resources are available, such as the “Instructions for Use of the Davis-Bacon ECSP,” a guide which addresses all aspects of preparing and submitting wage rate certifications using the Davis-Bacon ECSP. Local Labor Relations contact information is available on the Davis-Bacon ECSP home page. Instructions may be downloaded from the Davis-Bacon ECSP home page at:

<http://www.elationsys.com/elationsys/Solutions/Default.aspx>

V. PAPERWORK REDUCTION ACT

The information collection requirements contained in this document and the Davis-Bacon ECSP have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 1235-0008. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information

unless the collection displays a currently valid OMB control number.

If there are any questions, and/or concerns regarding this Mortgagee Letter please contact Thomas Bernaciak at (202) 402-3242, in HUD Headquarters, Office of Multifamily Production or contact Vance Morris at (202) 402-2419, Office of Healthcare Programs. Persons with hearing or speech impairments may access this number via TDD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

Edward L. Golding
Principal Deputy Assistant Secretary for Housing