



# House of Representatives

General Assembly

**File No. 399**

January Session, 2003

Substitute House Bill No. 5383

*House of Representatives, April 16, 2003*

The Committee on Labor and Public Employees reported through REP. RYAN of the 139th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING LIVING WAGES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-701 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2003*):

3 (a) The terms and conditions of any agreement for state assistance  
4 [under any program of the general statutes] to a business entity  
5 operated for profit under any program established pursuant to the  
6 general statutes and administered by the Department of Economic and  
7 Community Development, Connecticut Development Authority and  
8 Connecticut Innovations, Incorporated, shall include [provisions for]  
9 (1) specific goals for the creation and retention of full-time and part-  
10 time jobs and for periodic reports by the recipient on progress in  
11 achieving such goals if the primary purpose of the state assistance is  
12 job creation or retention, [and] (2) a requirement that an applicant for  
13 any type of state assistance, except grants and loans of a term of less

14 than one year, provide the agency with appropriate security for such  
15 financial assistance, including, but not limited to, a letter of credit, a  
16 lien on real property or a security interest in goods, equipment,  
17 inventory or other property of any kind and that the recipient of such  
18 state assistance will remain in substantial material compliance with  
19 state and federal law, and (3) a requirement that an applicant for state  
20 assistance, other than an applicant to Connecticut Innovations,  
21 Incorporated for state assistance, pay each full-time employee a living  
22 wage and provide and pay for at least eighty per cent of the cost of a  
23 standard health and dental insurance plan for each such employee. For  
24 purposes of this section, "living wage" means an annual wage that is  
25 equal to at least one hundred per cent of the mean hourly wage for the  
26 employee's occupation title, as determined by the United States  
27 Department of Labor, Bureau of Labor Statistics in its most recent  
28 occupational employment and wage estimates survey for the state of  
29 Connecticut.

30 (b) If a recipient fails to create or retain the number of jobs in this  
31 state stipulated in an agreement for state assistance and such failure is  
32 due to circumstances within the control of such recipient, the recipient  
33 shall repay an amount that is in proportion to the number of jobs that  
34 it failed to create or retain unless the awarding authority deems it is in  
35 the best interests of the state or the community in which the recipient  
36 is located to revise such job creation goals. In such event, the parties  
37 shall enter into a revised agreement subject to the approvals required  
38 by subsection (c) of this section. Upon request of the awarding  
39 authority, a recipient shall provide information necessary to determine  
40 compliance with this section, including information showing the  
41 compensation paid to employees on jobs created as a result of the state  
42 assistance.

43 (c) The awarding authority, in its discretion, may modify the terms  
44 and conditions of any state assistance, including, but not limited to,  
45 forgiveness of repayment of a loan, revision of job creation and  
46 retention goals or changes to interest rates, provided such awarding  
47 authority notifies the State Bond Commission or the appropriate board



The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:**

<b>Agency Affected</b>	<b>Fund-Type</b>	<b>FY 04 \$</b>	<b>FY 05 \$</b>
Department of Economic & Community Development	GO Bond Funds -Cost Various	See Below	See Below
CT. Development Auth. (quasi-public)	Various	See Below	See Below

**Municipal Impact:** None

**Explanation**

The bill requires that any business that receives financial assistance from the Department of Economic and Community Development (DECD) or the Connecticut Development Authority (CDA) provide all full-time employees a living wage as defined in the bill, provide a standard health and dental plan and pay for 80% of it. It is not clear what the definition of a standard health and dental plan is. The DECD currently does due diligence on over 100 assistance applications per year and the CDA on over 200. Wage and benefit information will need to be verified for each fulltime employee. The DECD will need an additional employee and associated expenses at a three-quarter year costing approximately \$60,000. Costs would increase due to the need for continued compliance with the requirements. An additional employee would be needed costing of approximately \$75,000 for a full year. Staff administering these programs are funded through GO bond funds.

It is anticipated that the CDA will need 2 additional employees initially. The cost for the staff and associated expenses is approximately \$130,000. Funds for the CDA employees are provided through their operating expenses or investment returns. The added

cost could reduce funds available for future projects. Additional staff would be needed in the out-years.

These costs assume that all business will still choose to receive assistance under the additional requirements. To the extent that the additional requirements in the bill reduce the number of applicants for financial assistance from the Department of Economic and Community Development and the Connecticut Development Authority there could be a cost savings to the state's various financial assistance programs. The exact impact is unknown.

Any revenue gain or savings due to current penalties being imposed for non-compliance with the new requirements is anticipated to be minimal.

**OLR Bill Analysis**

sHB 5383

**AN ACT CONCERNING LIVING WAGES****SUMMARY:**

This bill requires businesses receiving financial assistance from two state economic development agencies to pay their full-time employees "living wages" and provide them with a standard health and dental plan and pay for at least 80% of it. The wages must equal at least 100% of the average annualized hourly wage for an employee's occupation title, as determined by the U.S. Department of Labor's Bureau of Labor Statistics (BLS) in its most recent occupational and wage estimates survey for Connecticut.

The Department of Economic and Community Development and the Connecticut Development Authority must add these requirements to those that applicants must agree to meet in order to receive assistance. The bill also makes minor technical changes.

EFFECTIVE DATE: October 1, 2003

**BACKGROUND*****Occupational Employment and Wage Estimates***

BLS estimates the number of people employed in over 100 occupations and the wages paid to them. The most recent estimates are for 2001. BLS breaks the estimates down by (1) state and metropolitan area (2) 22 major occupational categories and sub categories. Table 1 shows the average annual wage paid in Connecticut for the major categories.

Table 1: Occupational Employment and Wage Estimates for Connecticut by Major Occupational Categories in 2001.

<b>Major Category</b>	<b>Total Employment</b>	<b>Average Annual Wage Estimate</b>
All Occupations	1,664,770	\$39,960
Management	95,190	85,920
Business and Financial	75,460	58,830

Computer and Mathematical	45,120	64,050
Architecture and Engineering	34,920	57,730
Life, Physical, and Social Science	17,420	60,500
Community and Social Service	29,410	39,770
Legal	12,330	75,970
Education, Training, and Library	116,890	44,590
Arts, Design, Entertainment, Sports, and Media	20,990	45,700
Health Practitioners and Technical	84,490	57,610
Health Care Support	46,180	26,640
Protective Services	43,680	37,340
Food Preparation and Serving	108,990	20,060
Building and Grounds Cleaning and Maintenance	57,810	23,830
Personal Care and Service	37,770	23,440
Sales and Related	174,710	35,130
Office and Administrative Support	305,620	31,130
Farm, Fishing, and Forestry	1,850	23,370
Construction and Extraction	61,280	41,230
Installation, Maintenance, and Repair	57,160	38,860
Production	141,790	31,130
Transportation	95,690	27,690

## COMMITTEE ACTION

### Commerce Committee

Joint Favorable Substitute Change of Reference

Yea 10 Nay 9

### Labor and Public Employees Committee

Joint Favorable Substitute

Yea 8 Nay 4