



# House of Representatives

**File No. 966**

General Assembly

January Session, 2009

**(Reprint of File No. 280)**

Substitute House Bill No. 6502  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
May 15, 2009

**AN ACT CONCERNING THE STANDARD WAGE FOR CERTAIN  
CONNECTICUT WORKERS.**

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

1 Section 1. Section 31-57f of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2009*):

3 (a) As used in this section: (1) "Required employer" means any  
4 provider of food, building, property or equipment services or  
5 maintenance listed in this subdivision whose rate of reimbursement or  
6 compensation is determined by contract or agreement with the state or  
7 any state agent: (A) Building, property or equipment service  
8 companies; (B) management companies providing property  
9 management services; and (C) companies providing food preparation  
10 or service, or both; (2) "state agent" means any state official, state  
11 employee or other person authorized to enter into a contract or  
12 agreement on behalf of the state; (3) "person" means one or more  
13 individuals, partnerships, associations, corporations, business trusts,  
14 legal representatives or organized groups of persons; [and] (4)  
15 "building, property or equipment service" means any janitorial,

16 cleaning, maintenance or related service; (5) "prevailing rate of wages"  
17 means the hourly wages paid for work performed within the city of  
18 Hartford under the collective bargaining agreement covering the  
19 largest number of hourly nonsupervisory employees employed within  
20 Hartford County in each classification established by the Labor  
21 Commissioner under subsection (e) of this section, provided the  
22 collective bargaining agreement covers no less than five hundred  
23 employees in the classification; (6) "prevailing rate of benefits" means  
24 the total cost to the employer on an hourly basis for work performed  
25 within the city of Hartford, under a collective bargaining agreement  
26 that establishes the prevailing rate of wages, of providing health,  
27 welfare and retirement benefits, including, but not limited to, (A)  
28 medical, surgical or hospital care benefits; (B) disability or death  
29 benefits; (C) benefits in the event of unemployment; (D) pension  
30 benefits; (E) vacation, holiday and personal leave; (F) training benefits;  
31 and (G) legal services benefits, and may include payment made  
32 directly to employees, payments to purchase insurance and the  
33 amount of payment or contributions paid or payable by the employer  
34 on behalf of each employee to any employee benefits fund; (7)  
35 "employee benefit fund" means any trust fund established by one or  
36 more employers and one or more labor organizations or one or more  
37 other third parties not affiliated with such employers to provide,  
38 whether through the purchase of insurance or annuity contracts or  
39 otherwise, benefits under an employee health, welfare or retirement  
40 plan, but does not include any such fund where the trustee or trustees  
41 are subject to supervision by the Banking Commissioner of this state or  
42 of any other state, or the Comptroller of the Currency of the United  
43 States or the Board of Governors of the Federal Reserve System; and  
44 (8) "benefits under an employee health, welfare or retirement plan"  
45 means one or more benefits or services under any plan established or  
46 maintained for employees or their families or dependents, or for both,  
47 including, but not limited to, medical, surgical or hospital care  
48 benefits, benefits in the event of sickness, accident, disability or death,  
49 benefits in the event of unemployment, retirement benefits, vacation  
50 and paid holiday benefits, legal service benefits or training benefits.

51 (b) On and after July 1, 2000, the wages paid on an hourly basis to  
52 any employee of a required employer in the provision of food,  
53 building, property or equipment services provided to the state  
54 pursuant to a contract or agreement with the state or any state agent,  
55 shall be at a rate not less than the standard rate determined by the  
56 Labor Commissioner pursuant to subsection (g) of this section.

57 (c) Any required employer or agent of such employer that violates  
58 subsection (b) of this section shall pay a civil penalty in an amount not  
59 less than two thousand five hundred dollars but not more than five  
60 thousand dollars for each offense. The contracting department of the  
61 state that has imposed such civil penalty on the required employer or  
62 agent of such employer shall, within two days after taking such action,  
63 notify the Labor Commissioner, in writing, of the name of the  
64 employer or agent involved, the violations involved and steps taken to  
65 collect the fine.

66 (d) The Labor Commissioner may make complaint to the proper  
67 prosecuting authorities for the violation of any provision of subsection  
68 (b) of this section.

69 (e) For the purpose of predetermining the standard rate of covered  
70 wages on an hourly basis, the Labor Commissioner shall establish  
71 classifications for all hourly nonsupervisory employees based on the  
72 applicable occupation codes and titles set forth in the federal Register  
73 of Wage Determinations under the Service Contract Act of 1965, 41  
74 USC 351, et seq., provided the Labor Commissioner shall classify any  
75 individual employed on or before July 1, 2009, as a grounds  
76 maintenance laborer or laborer as a janitor, and shall classify any  
77 individual hired after July 1, 2009, performing the duty of grounds  
78 maintenance laborer, laborer or janitor as a light cleaner, heavy  
79 cleaner, furniture handler or window cleaner, as appropriate. The  
80 Labor Commissioner shall then determine the standard rate of wages  
81 for each classification of hourly nonsupervisory employees which shall  
82 be [equivalent to] (1) the prevailing rate of wages paid to employees in  
83 each classification, or if there is no such prevailing rate of wages, the

84 minimum hourly wages set forth in the federal Register of Wage  
85 Determinations under the Service Contract Act, plus (2) the prevailing  
86 rate of benefits paid to employees in each classification, or if there is no  
87 such prevailing rate of benefits, a thirty per cent surcharge on the  
88 amount determined in subdivision (1) of this subsection to cover the  
89 cost of any health, welfare and retirement [plans] benefits or, if no such  
90 [plan is in effect between] benefits are provided to the employees, [and  
91 the employer,] an amount equal to thirty per cent of the [hourly wage]  
92 amount determined in subdivision (1) of this section, which shall be  
93 paid directly to the employees. The standard rate of wages for any  
94 employee entitled to receive such rate on or before July 1, 2009, shall  
95 not be less than the minimum hourly wage for the classification set  
96 forth in the federal Register Of Wage Determinations under the Service  
97 Contract Act plus the prevailing rate of benefits for such classification  
98 for as long as that employee continues to work for a required  
99 employer.

100 (f) Required employers with employees covered by collective  
101 bargaining agreements which call for wages and benefits that are  
102 reasonably related to the standard rate of wages shall not be  
103 economically disadvantaged in the bidding process, provided the  
104 collective bargaining agreement was arrived at through arms-length  
105 negotiations.

106 (g) The Labor Commissioner shall, in accordance with subsection (e)  
107 of this section, determine the standard rate of wages for each  
108 classification on an hourly basis where any covered services are to be  
109 provided, and the state agent empowered to let such contract shall  
110 contact the Labor Commissioner at least ten days prior to the date such  
111 contract will be advertised for bid, to ascertain the standard rate of  
112 wages and shall include the standard rate of wages on an hourly basis  
113 for all classifications of employment in the proposal for the contract.  
114 The standard rate of wages on an hourly basis shall, at all times, be  
115 considered the minimum rate for the classification for which it was  
116 established.

117 (h) Where a required employer is awarded a contract to perform  
118 services that are substantially the same as services that have been  
119 rendered under a predecessor contract, such required employer shall  
120 retain, for a period of ninety days, all employees who had been  
121 employed by the predecessor to perform services under such  
122 predecessor contract, except that the successor contract need not retain  
123 employees who worked less than fifteen hours per week or who had  
124 been employed at the site for less than sixty days. During such ninety-  
125 day period, the successor contract shall not discharge without just  
126 cause an employee retained pursuant to this subsection. If the  
127 performance of an employee retained pursuant to this subsection or  
128 section 4a-82 is satisfactory during the ninety-day period, the successor  
129 contractor shall offer the employee continued employment for the  
130 duration of the successor contract under the terms and conditions  
131 established by the successor contractor, or as required by law. The  
132 provisions of this subsection shall not apply to any contract covered by  
133 subsections (o) and (p) of section 4a-82.

134 [(h)] (i) Each required employer subject to the provisions of this  
135 section shall (1) keep, maintain and preserve such records relating to  
136 the wages and hours worked by each employee and a schedule of the  
137 occupation or work classification at which each person is employed  
138 during each work day and week in such manner and form as the Labor  
139 Commissioner establishes to assure the proper payments due to such  
140 employees, and (2) annually or upon written request, submit to the  
141 contracting state agent a certified payroll which shall consist of a  
142 complete copy of such records accompanied by a statement signed by  
143 the employer which indicates that (A) such records are correct, (B) the  
144 rate of wages paid to each employee is not less than the standard rate  
145 of wages required by this section, (C) such employer has complied  
146 with the provisions of this section, and (D) such employer is aware  
147 that filing a certified payroll which it knows to be false is a class D  
148 felony for which such employer may be fined not more than five  
149 thousand dollars or imprisoned not more than five years, or both.  
150 Notwithstanding the provisions of section 1-210, the certified payroll

151 shall be considered a public record and every person shall have the  
152 right to inspect and copy such record in accordance with the  
153 provisions of section 1-212. The provisions of subsections (a) and (b) of  
154 section 31-59, section 31-66 and section 31-69 which are not  
155 inconsistent with the provisions of this section shall apply. Any person  
156 who files a false certified payroll in violation of subdivision (2) of this  
157 subsection shall be guilty of a class D felony for which such person  
158 may be fined not more than five thousand dollars or imprisoned not  
159 more than five years, or both.

160 [(i)] (j) This section shall not apply to contracts, agreements or  
161 grants which do not exceed forty-nine thousand nine hundred ninety-  
162 nine dollars per annum.

163 [(j)] (k) On receipt of a complaint for nonpayment of the standard  
164 rate of wages, the Labor Commissioner, the Director of Wage and  
165 Workplace Standards and wage enforcement agents of the Labor  
166 Department shall have power to enter, during usual business hours,  
167 the place of business or employment of any employer to determine  
168 compliance with this section, and for such purpose may examine  
169 payroll and other records and interview employees, call hearings,  
170 administer oaths, take testimony under oath and take depositions in  
171 the manner provided by sections 52-148a to 52-148e, inclusive. The  
172 commissioner or the director, for such purpose, may issue subpoenas  
173 for the attendance of witnesses and the production of books and  
174 records. Any required employer, an officer or agent of such employer,  
175 or the officer or agent of any corporation, firm or partnership who  
176 wilfully fails to furnish time and wage records as required by law to  
177 the commissioner, the director or any wage enforcement agent upon  
178 request or who refuses to admit the commissioner, the director or such  
179 agent to a place of employment or who hinders or delays the  
180 commissioner, the director or such agent in the performance of any  
181 duties in the enforcement of this section shall be fined not less than  
182 twenty-five dollars nor more than one hundred dollars, and each day  
183 of such failure to furnish time and wage records to the commissioner,  
184 the director or such agent shall constitute a separate offense, and each

185 day of refusal of admittance, of hindering or of delaying the  
186 commissioner, the director or such agent shall constitute a separate  
187 offense.

188 [(k)] (l) Notwithstanding subsection [(i)] (j) of this section, any  
189 employer that pays the state for a franchise to provide food  
190 preparation or service, or both, for the state shall be required to certify  
191 that the wages and benefits paid to its employees are not less than the  
192 standard rate established pursuant to this section, provided, if no  
193 prevailing rate of wages or benefits was in effect at the time the state  
194 entered into a franchise agreement, then the employer shall not be  
195 required to pay the prevailing rate of wages or benefits during the life  
196 of the agreement, unless the agreement is amended, extended or  
197 renewed.

198 [(l)] (m) The Labor Commissioner may adopt regulations, in  
199 accordance with chapter 54, to carry out the provisions of this section.

200 [(m)] (n) The provisions of this section and any regulation adopted  
201 pursuant to subsection [(l)] (m) of this section shall not apply to any  
202 contract or agreement entered into before July 1, 2000.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2009	31-57f

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$
Dept. of Administrative Services; Various State Agencies	GF - Cost	Potential Significant	Potential Significant

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill creates a new method for determining the hourly wage and benefits for employees under the standard wage law, which governs compensation for employees of contractors who do building and property maintenance, property management, and food service work in state buildings. Under the bill, these private contractor employees will be paid the same prevailing wage rates and receive the prevailing benefits as employees working under a specific private sector union contract.

The new wages and benefits affects standard wage contract workers hired after July 1, 2009. Those already working for standard wage employers on or before July 1, 2009 will be paid an hourly wage based on the current standard wage law, but after July 1, 2009 their benefits will be the same as those working under a certain union contract.

Providing employees of contractors who work in state buildings with benefits based on a private sector union contract is anticipated to increase the contractor's personnel costs as the benefits package for the private sector union is more costly; these costs would most likely be passed onto the state in the form of higher contract costs. Under the bill, the wages for new employees hired after July 1, 2009 are expected

to be lower than the current standard wage law. However, this is more than offset by the fact that employees hired before July 1, 2009 will be paid a higher hourly wage based on the current standard wage law. Therefore, under this bill, it is anticipated that costs to the state for certain building service contracts will increase.

House "A" struck the underlying bill and its associated fiscal impact. The substitute language results in the fiscal impact described above.

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**OLR Bill Analysis****sHB 6502 (as amended by House "A")\******AN ACT CONCERNING THE STANDARD WAGE FOR CERTAIN CONNECTICUT WORKERS.*****SUMMARY:**

This bill creates a new method for determining the hourly wage and benefits for employees under the standard wage law, which governs compensation for employees of private contractors who do building and property maintenance, property management, and food service work in state buildings. Under the bill, such employees will receive the same prevailing wage rates and prevailing benefits as employees working under the union agreement covering the same type of work for the largest number of hourly nonsupervisory employees, as long as it covers at least 500 employees, in Hartford County.

This ties the state pay and benefits for standard wage workers to those provided under the private sector union contract that meets the bill's criteria. (At least one union contract meets the criteria; see BACKGROUND.) If there is no private sector contract that meets the bill's criteria, then the law's current standard wage rate will apply.

The new wages and benefits affect standard wage contract workers hired after July 1, 2009. Those already working for standard wage employers on or before July 1, 2009 will be paid an hourly wage based on the current standard wage law, but after July 1, 2009 their benefits will be the same as those working under a Hartford County union contract for the same type of work.

The bill requires a new contractor that takes over an existing building service to keep the employees from the predecessor contract for at least 90 days after the date it begins service under the successor

contract and permits it to fire them only for cause. This provision does not apply to employees who worked less than 15 hours a week or who were employed at the worksite for less than 60 days.

If an employee performs satisfactorily during the 90-day period, the successor contractor must offer him or her continued employment for the contract's duration under the terms and conditions of the successor contractor or as required by law.

The bill excludes people with disabilities or disadvantaged people working in the janitorial work pilot program under contracts with no more than four full-time workers from the provision requiring employees to be hired by a new contractor taking over a predecessor contract. This appears to apply whether the people under the janitorial pilot program work for the new contractor taking over a predecessor contract or for the predecessor contractor when the new contractor takes over. The bill also exempts employees under the janitorial work pilot program from the requirement that the standard wage be considered their minimum wage.

\*House Amendment "A" (1) adds holidays to the prevailing rate of benefits that is applied to all standard wage workers after July 1, 2009 and removes holidays from part of the bill that applied a penalty from existing law of between \$2,500 and \$5,000 on employers for not providing paid holidays; (2) requires the labor commissioner to (a) reclassify anyone hired prior to July 1, 2009 as a grounds maintenance laborer or laborer as a janitor and (b) classify anyone hired after July 1, 2009 performing the duty of a grounds maintenance laborer, laborer, or janitor as a light cleaner, heavy cleaner, furniture handler, or window cleaner, as appropriate; (3) specifies the bill's job protection provision for employees from a predecessor contract does not apply to those who worked less than 15 hours a week or who were employed at the site less than 60 days for the predecessor; and (4) makes technical changes.

EFFECTIVE DATE: July 1, 2009

## **DETERMINING WAGES AND BENEFITS FOR STANDARD WAGE WORKERS**

### ***Definitions***

Under the bill, “prevailing rate of wages” means the hourly wages paid for work performed in Hartford under the union contract covering the largest number of hourly nonsupervisory employees employed in Hartford County in each classification the labor commissioner establishes, as long as the union contract covers at least 500 employees. By law, the commissioner must base the classifications on occupation codes and titles in the federal Register of Wage Determinations under the Service Contract Act (41 USC § 351, *et seq.*).

The bill defines “prevailing rate of benefits” as the total hourly cost to the employer for work performed in Hartford under a union contract that establishes the prevailing rate of wages for providing health, welfare, and retirement benefits, including benefits for:

1. medical, surgical, or hospital care;
2. disability or death;
3. unemployment;
4. pension;
5. vacation, holiday, and personal leave;
6. training; and
7. legal services.

These benefits may include payment made directly to employees, payments to purchase insurance, and payments or contributions paid or payable by the employer on behalf of each employee to any employee benefits fund.

It defines “employee benefit fund” as any trust fund established by (1) one or more employers and one or more unions or (2) one or more

other third-parties not affiliated with the employers to provide, whether through the purchase of insurance or annuity contracts or other means, benefits under an employee health, welfare, or retirement plan. The definition excludes funds whose trustee or trustees are subject to supervision by the banking commissioner of this or any other state, the U.S. comptroller of the currency, or the Federal Reserve Board. This description meets the federal Taft-Hartley Act standard for an employee benefit fund.

### ***Job Classifications***

The bill requires the labor commissioner to (1) reclassify as a janitor anyone hired prior to July 1, 2009, as a grounds maintenance laborer or laborer and (2) classify anyone hired after July 1, 2009 performing the duty of a grounds maintenance laborer, laborer, or janitor as a light cleaner, heavy cleaner, furniture handler, or window cleaner, as appropriate.

### ***Employees Pay Determined in Two Ways***

The new wages and benefits affect standard wage contract workers hired after July 1, 2009. Employees already working for standard wage employers on or before that date will be paid an hourly wage based on the current standard wage law, but after July 1, 2009 their benefits will be the same as those under a Hartford County union contract for the same type of work.

Under the bill, if there is no private sector union contract for at least 500 employees in Hartford County doing the same work, then the wage rate determination in the current standard wage law will apply. Under the current standard wage law, the commissioner sets the hourly rate for all job classes based on those identified in the Federal Register of Wage Determinations, plus a 30% surcharge to represent the cost of health and retirement benefits. The employer either provides benefits equal to the 30% surcharge or pays the employees the additional 30%.

## **BACKGROUND**

### **Standard Wage Law**

This law requires contractors that provide the state or its agents with building cleaning or maintenance; or food, property, or equipment services to pay their employees at least the standard wage rates as the commissioner determines. It also (1) prescribes how contracting agents inform potential bidders of standard wage rates to be met in preparing a contract proposal; (2) requires covered employers to maintain records of each employee's wages, hours, and classification and to make these records available to the contracting agent; (3) establishes penalties for filing a false certified payroll and fines for failing to pay the required rate; and (4) authorizes the labor department to investigate complaints and enforce the law.

### **SEIU Local 32BJ Contract**

The Service Employees International Union's (SEIU) Local 32BJ currently has a four-year contract (January 1, 2008 to December 31, 2011) with the Hartford Area Cleaning Contractors Association to provide building and janitorial services to a number of office buildings in greater Hartford. The local has more than 500 members.

### **COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 11 Nay 0 (03/12/2009)

Appropriations Committee

Joint Favorable

Yea 41 Nay 14 (04/23/2009)