



House of Representatives

File No. 876

General Assembly

January Session, 2015

(Reprint of File No. 377)

House Bill No. 6871
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 21, 2015

**AN ACT CONCERNING MINOR AND CLARIFYING CHANGES TO THE
SUBSIDIZED TRAINING AND EMPLOYMENT PROGRAM AND OTHER
STATUTES AFFECTING THE LABOR DEPARTMENT.**

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

1 Section 1. Section 31-3pp of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2015*):

3 (a) For purposes of this section:

4 (1) "Department" means the Labor Department;

5 (2) "Eligible small business" means a business that (A) employed not
6 more than one hundred full-time employees on at least fifty per cent of
7 its working days during the preceding twelve months, (B) has
8 operations in Connecticut, (C) has been registered to conduct business
9 for not less than twelve months, and (D) is in good standing with the
10 payment of all state and local taxes. "Eligible small business" does not
11 include the state or any political subdivision thereof;

12 (3) "Control", with respect to a corporation, means ownership,

13 directly or indirectly, of stock possessing fifty per cent or more of the
14 total combined voting power of all classes of the stock of such
15 corporation entitled to vote. "Control", with respect to a trust, means
16 ownership, directly or indirectly, of fifty per cent or more of the
17 beneficial interest in the principal or income of such trust. The
18 ownership of stock in a corporation, of a capital or profits interest in a
19 partnership, limited liability company or association or of a beneficial
20 interest in a trust shall be determined in accordance with the rules for
21 constructive ownership of stock provided in Section 267(c) of the
22 Internal Revenue Code of 1986, or any subsequent corresponding
23 internal revenue code of the United States, as from time to time
24 amended, other than paragraph (3) of said Section 267(c);

25 (4) "Related person" means (A) a corporation, limited liability
26 company, partnership, association or trust controlled by the eligible
27 small business, (B) an individual, corporation, limited liability
28 company, partnership, association or trust that is in control of the
29 eligible small business, (C) a corporation, limited liability company,
30 partnership, association or trust controlled by an individual,
31 corporation, limited liability company, partnership, association or trust
32 that is in control of the eligible small business, or (D) a member of the
33 same controlled group as the eligible small business;

34 (5) "Eligible small manufacturer" means an eligible small business
35 described in sectors 31 to 33, inclusive, of the North American Industry
36 Classification System, that employed not more than one hundred
37 employees on at least fifty per cent of its working days during the
38 preceding twelve months.

39 (b) (1) There is established within the Labor Department a
40 Subsidized Training and Employment program for eligible small
41 businesses and eligible small manufacturers. Said program shall
42 provide grants to such businesses and manufacturers to subsidize, for
43 the first one hundred eighty calendar days after a person is hired, a
44 part of the cost of employment, including any costs related to training.
45 No such business or manufacturer receiving a grant under this section

46 with respect to a new employee or newly hired person may receive a
47 second grant under this section with respect to the same new
48 employee or newly hired person.

49 (2) At the discretion of the Labor Commissioner, the department
50 may use up to four per cent of any funds allocated pursuant to section
51 5 of public act 11-1 of the October special session for the purpose of
52 retaining outside consultants or the Workforce Investment Boards to
53 operate the Subsidized Training and Employment program.

54 (3) [In fiscal year 2013] The department shall monitor, in a manner
55 prescribed by the commissioner, such outside consultants or
56 Workforce Investment Boards that operate the Subsidized Training
57 and Employment program. At the discretion of the Labor
58 Commissioner, the department may use up to [four] one per cent of
59 any funds allocated pursuant to section 5 of public act 11-1 of the
60 October special session in [said] any fiscal year for the purpose of the
61 marketing and operation of the Subsidized Training and Employment
62 program, and the monitoring of the outside consultants or Workforce
63 Investment Boards retained pursuant to subdivision (2) of this
64 subsection.

65 (c) (1) An eligible small business may apply to the department for a
66 grant to subsidize on-the-job training and compensation for a new
67 employee, where "new employee" means a person who (A) was
68 unemployed immediately prior to employment, regardless of whether
69 such person collected unemployment compensation benefits as a result
70 of such unemployment, (B) is a resident of a municipality that has (i)
71 an unemployment rate that is equal to or higher than the state
72 unemployment rate as of September 1, 2011, or (ii) a population of
73 eighty thousand or more, and (C) has a family income equal to or less
74 than two hundred fifty per cent of the federal poverty level, adjusted
75 for family size. "New employee" does not include a person who was
76 employed in this state by a related person with respect to the eligible
77 small business during the prior twelve months or a person employed
78 on a temporary or seasonal basis by a retailer, as defined in section 42-

79 371. No small business shall be eligible for a grant under this section
80 for a new employee if such new employee is hired to replace a worker
81 who (i) is currently employed by such small business, or (ii) was
82 terminated by such small business, unless such small business
83 demonstrates just cause for such replacement or termination, if
84 applicable.

85 (2) Grants to eligible small businesses under the Subsidized
86 Training and Employment program shall be in the following amounts:
87 (A) For the first thirty calendar days a new employee is employed, one
88 hundred per cent of an amount representing the hourly wage of such
89 new employee, exclusive of any benefits, but in no event shall such
90 amount exceed twenty dollars per hour; (B) for the thirty-first to
91 ninetieth, inclusive, calendar days, seventy-five per cent of such
92 amount; (C) for the ninety-first to one hundred fiftieth, inclusive,
93 calendar days, fifty per cent of such amount; and (D) for the one
94 hundred fifty-first to one hundred eightieth, inclusive, calendar days,
95 twenty-five per cent of such amount. Grants shall be cancelled as of the
96 date the new employee leaves employment with the eligible small
97 business.

98 (d) (1) An eligible small manufacturer may apply to the department
99 for a grant to be used to train and compensate persons newly hired by
100 such manufacturer. Any training shall be provided by such
101 manufacturer, and take place on such manufacturer's premises, but no
102 existing formal training program shall be required. The Labor
103 Commissioner, or said commissioner's designee, shall review and
104 approve such manufacturer's description of the proposed training as
105 part of the application. No small manufacturer shall be eligible for a
106 grant under this section for a new employee if such new employee is
107 hired to replace a worker who (A) is currently employed by such small
108 manufacturer, or (B) was terminated by such small manufacturer,
109 unless such small manufacturer demonstrates just cause for such
110 replacement or termination, if applicable.

111 (2) Grants awarded to an eligible small manufacturer pursuant to

112 this subsection shall subsidize the costs of training and compensating
113 each person newly hired by such manufacturer. In no event shall a
114 grant exceed the salary of the newly hired person. Maximum amounts
115 of each grant are: For the first full calendar month a newly hired
116 person is employed, up to two thousand five hundred dollars; for the
117 second month, up to two thousand four hundred dollars; for the third
118 month, up to two thousand two hundred dollars; for the fourth month,
119 up to two thousand dollars; for the fifth month, up to one thousand
120 eight hundred dollars; and for the sixth month, up to one thousand six
121 hundred dollars. No grant shall exceed a total amount of twelve
122 thousand five hundred dollars per newly hired person. A grant may be
123 cancelled as of the date such person leaves employment with the
124 eligible small manufacturer.

125 (e) (1) An eligible small business or eligible small manufacturer may
126 apply to the department for a grant to subsidize on-the-job training for
127 a [new apprentice] preapprentice, where ["new apprentice"]
128 "preapprentice" means a person who is (A) a current student at a
129 public or private high school, preparatory school or institution of
130 higher education, ["New apprentice"] or (B) not more than eighteen
131 years of age and employed under a written agreement with an
132 apprenticeship program sponsor for a term of training and
133 employment not exceeding two thousand hours or twenty-four
134 months. "Preapprentice" does not include a person who was employed
135 in this state by a related person with respect to the eligible small
136 business during the prior twelve months or a person employed on a
137 temporary or seasonal basis by a retailer, as defined in section 42-371.

138 (2) Grants to eligible small businesses or eligible small
139 manufacturers under the Subsidized Training and Employment
140 program shall be in the following amounts: (A) For the first thirty
141 calendar days a [new apprentice] preapprentice is employed, one
142 hundred per cent of an amount representing the cost of on-the-job
143 training for [a new apprentice] such preapprentice, but in no event
144 shall such amount exceed ten dollars per hour; (B) for the thirty-first to
145 ninetieth, inclusive, calendar days, seventy-five per cent of such

146 amount; (C) for the ninety-first to one hundred fiftieth, inclusive,
147 calendar days, fifty per cent of such amount; and (D) for the one
148 hundred fifty-first to one hundred eightieth, inclusive, calendar days,
149 twenty-five per cent of such amount. Grants shall be cancelled as of the
150 date the [new apprentice] preapprentice leaves his or her
151 apprenticeship with the eligible small business or eligible small
152 manufacturer.

153 (f) Not later than July 15, 2012, and annually thereafter, and January
154 15, 2013, and annually thereafter, the Labor Commissioner shall
155 provide a report, in accordance with the provisions of section 11-4a, to
156 the joint standing committees of the General Assembly having
157 cognizance of matters relating to finance, revenue and bonding,
158 appropriations, commerce and labor. Said report shall include
159 available data, for the six-month period ending on the last day of the
160 calendar month preceding such report, on (1) the number of small
161 businesses that participated in the Subsidized Training and
162 Employment program established pursuant to subsections (c) and (e)
163 of this section, and the general categories of such businesses, (2) the
164 number of small manufacturers that participated in the Subsidized
165 Training and Employment program established pursuant to
166 subsections (d) and (e) of this section, and the general categories of
167 such manufacturers, (3) the number of individuals that received
168 employment, and (4) the most recent estimate of the number of jobs
169 created or maintained.

170 (g) The Labor Commissioner may adopt regulations in accordance
171 with the provisions of chapter 54 to carry out the provisions of this
172 section.

173 Sec. 2. Section 31-3uu of the general statutes is repealed and the
174 following is substituted in lieu thereof (*Effective October 1, 2015*):

175 (a) For purposes of this section:

176 (1) "Department" means the Labor Department;

177 (2) "Eligible business" means a business that (A) has operations in
178 Connecticut, (B) has been registered to conduct business for not less
179 than twelve months, and (C) is in good standing with the payment of
180 all state and local taxes. "Eligible business" does not include the state or
181 any political subdivision thereof;

182 (3) "Control", with respect to a corporation, means ownership,
183 directly or indirectly, of stock possessing fifty per cent or more of the
184 total combined voting power of all classes of the stock of such
185 corporation entitled to vote. "Control", with respect to a trust, means
186 ownership, directly or indirectly, of fifty per cent or more of the
187 beneficial interest in the principal or income of such trust. The
188 ownership of stock in a corporation, of a capital or profits interest in a
189 partnership, limited liability company or association or of a beneficial
190 interest in a trust shall be determined in accordance with the rules for
191 constructive ownership of stock provided in Section 267(c) of the
192 Internal Revenue Code of 1986, or any subsequent corresponding
193 internal revenue code of the United States, as from time to time
194 amended, other than paragraph (3) of said Section 267(c);

195 (4) "Related person" means (A) a corporation, limited liability
196 company, partnership, association or trust controlled by an eligible
197 business, (B) an individual, corporation, limited liability company,
198 partnership, association or trust that is in control of an eligible
199 business, (C) a corporation, limited liability company, partnership,
200 association or trust controlled by an individual, corporation, limited
201 liability company, partnership, association or trust that is in control of
202 an eligible business, or (D) a member of the same controlled group as
203 an eligible business;

204 (5) "New employee" means a person who (A) was unemployed prior
205 to employment with an eligible business, regardless of whether such
206 person collected unemployment compensation benefits as a result of
207 such unemployment, and (B) was a member of the armed forces and
208 was honorably discharged after not less than ninety days of service,
209 unless such person was separated from service earlier because of a

210 service-connected disability rated by the Veterans' Administration.
211 "New employee" does not include a person who was employed in this
212 state by a related person of such eligible business during any of the
213 twelve months prior to employment with the eligible business;

214 (6) "On-the-job training" means training provided by an eligible
215 business on such business' premise; and

216 (7) "Armed Forces" means the United States Army, Navy, Marine
217 Corps, Coast Guard and Air Force and any reserve component thereof,
218 including a state National Guard performing duty as provided in Title
219 32 of the United States Code.

220 (b) (1) There is established within the Labor Department an
221 Unemployed Armed Forces Member Subsidized Training and
222 Employment program for eligible businesses. Said program shall
223 provide grants to eligible businesses to subsidize, for the first one
224 hundred eighty calendar days after a new employee is hired, part of
225 the cost of on-the-job training and compensation for such new
226 employee, in accordance with subsection (c) of this section. No
227 business receiving a grant under this section with respect to a new
228 employee may receive a second grant under this section or a grant
229 under section 31-3pp, as amended by this act, with respect to the same
230 new employee.

231 (2) At the discretion of the Labor Commissioner, the department
232 may use up to four per cent of any funds allocated pursuant to section
233 31-3vv for the purpose of retaining outside consultants or the
234 Workforce Investment Boards to operate the Unemployed Armed
235 Forces Member Subsidized Training and Employment program, and to
236 provide transportation to and from the workplace, if needed, for an
237 employee for whom a grant was awarded under subsection (c) of this
238 section.

239 (3) [In fiscal year 2013] The department shall monitor, in a manner
240 prescribed by the commissioner, such outside consultants or
241 Workforce Investment Boards that operate the Unemployed Armed

242 Forces Member Subsidized Training and Employment program. At the
243 discretion of the Labor Commissioner, the department may use up to
244 [four] one per cent of any funds allocated pursuant to section 31-3vv in
245 [said] any fiscal year for the purpose of the marketing and operation of
246 the Unemployed Armed Forces Member Subsidized Training and
247 Employment program, and the monitoring of the outside consultants
248 or Workforce Investment Boards retained pursuant to subdivision (2)
249 of this subsection.

250 (c) (1) An eligible business may apply to the department for a grant
251 to subsidize on-the-job training and compensation for a new employee
252 hired by such business. The Labor Commissioner, or said
253 commissioner's designee, shall review and approve such business'
254 description of the proposed on-the-job training as part of the grant
255 application. No eligible business shall be eligible for a grant under this
256 section for a new employee if such new employee is hired to replace a
257 worker who (A) is currently employed by such eligible business, or (B)
258 was terminated by such eligible business, unless such eligible business
259 demonstrates just cause for such replacement or termination, if
260 applicable.

261 (2) A grant awarded to an eligible business pursuant to this
262 subsection shall be in the following amount: (A) For the first thirty
263 calendar days a new employee is employed, one hundred per cent of
264 the wage of such new employee, exclusive of any benefits, not to
265 exceed twenty dollars per hour; (B) for the thirty-first to ninetieth,
266 inclusive, calendar days, seventy-five per cent of such amount; (C) for
267 the ninety-first to one hundred fiftieth, inclusive, calendar days, fifty
268 per cent of such amount; and (D) for the one hundred fifty-first to one
269 hundred eightieth, inclusive, calendar days, twenty-five per cent of
270 such amount. A grant shall be cancelled as of the date the new
271 employee leaves employment with the eligible business.

272 (d) Not later than July 15, 2013, and annually thereafter, and January
273 15, 2014, and annually thereafter, the Labor Commissioner shall
274 provide a report, in accordance with the provisions of section 11-4a, to

275 the joint standing committees of the General Assembly having
276 cognizance of matters relating to finance, revenue and bonding,
277 appropriations, commerce, veterans and labor. Said report shall
278 include available data, for the six-month period ending on the last day
279 of the calendar month preceding such report, on (1) the number of
280 businesses that participated in the Unemployed Armed Forces
281 Member Subsidized Training and Employment program established
282 pursuant to subsection (b) of this section, and the general categories of
283 such businesses, and (2) the number of individuals that received
284 employment under said program.

285 (e) The Labor Commissioner may adopt regulations in accordance
286 with the provisions of chapter 54 to carry out the provisions of this
287 section.

288 Sec. 3. Subsection (b) of section 31-58 of the general statutes is
289 repealed and the following is substituted in lieu thereof (*Effective from*
290 *passage*):

291 (b) "Fair wage" means a wage fairly and reasonably commensurate
292 with the value of a particular service or class of service rendered, and,
293 in establishing a minimum fair wage for such service or class of service
294 under this part, the commissioner, [and the wage board,] without
295 being bound by any technical rules of evidence or procedure, (1) may
296 take into account all relevant circumstances affecting the value of the
297 services rendered, including hours and conditions of employment
298 affecting the health, safety and general well-being of the workers, (2)
299 may be guided by such considerations as would guide a court in a suit
300 for the reasonable value of services rendered where services are
301 rendered at the request of an employer without contract as to the
302 amount of the wage to be paid, and (3) may consider the wages,
303 including overtime or premium rates, paid in the state for work of like
304 or comparable character by employers who voluntarily maintain
305 minimum fair wage standards;

306 Sec. 4. Subsection (e) of section 51-197a of the general statutes is

307 repealed and the following is substituted in lieu thereof (*Effective from*
 308 *passage*):

309 (e) Except as otherwise provided in sections 2-40, 2-42, 7-143, 7-230,
 310 8-8, 8-9, 8-132, 8-132a, 10-153e, 12-4, 13a-76, [31-63,] 31-109, 31-118, 31-
 311 249b, 31-272, 31-301b, 31-301c, 31-324, 31-491, 31-493, 38a-470, 46a-94,
 312 46a-95, 46b-142, 46b-143, 46b-150c, 51-1a, 51-14, 51-49, 51-50j, 51-164x,
 313 51-165, 51-197a, 51-197b, 51-197c, 51-197e, 51-197f, 51-199, 51-201, 51-
 314 202, 51-203, 51-209, 51-210, 51-211, 51-213, 51-215a, 51-216a, 52-235, 52-
 315 257, 52-259, 52-263, 52-267, 52-405, 52-434, 52-434a, 52-470, 52-476, 52-
 316 477, 52-592, 54-63g, 54-95, 54-96, 54-96a, 54-96b and 54-143, all
 317 jurisdiction conferred upon and exercised by the appellate session
 318 prior to July 1, 1983, of the Superior Court shall be transferred to the
 319 Appellate Court.

320 Sec. 5. Section 31-63 of the general statutes is repealed. (*Effective from*
 321 *passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	31-3pp
Sec. 2	<i>October 1, 2015</i>	31-3uu
Sec. 3	<i>from passage</i>	31-58(b)
Sec. 4	<i>from passage</i>	51-197a(e)
Sec. 5	<i>from passage</i>	Repealer section

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: None

Municipal Impact: None

Explanation

The bill makes a number of technical and substantive changes to the Subsidized Training and Employment (STEP) and the Unemployed Armed Forces Member STEP programs. This does not result in any fiscal impact to the state or municipalities as the program is funded through bonding and the bill does not authorize any additional bond funding.

House "A" lowers, from four percent of the total to one percent of the total, the amount of bond funds allowable for certain purposes under the STEP and Armed Forces STEP programs.

Background

As of March 2015, there is \$1.3 million and \$5 million in unallocated bond funding available for the STEP and Unemployed Armed Forces Member STEP programs, respectively.

To date, \$23.7 million and \$5 million in bond funds have been allotted for the STEP and Unemployed Armed Forces Member STEP programs, respectively.

The Out Years

State Impact: None

Municipal Impact: None

Sources: Department of Labor Step Up Program Reports

OLR Bill Analysis**HB 6871 (as amended by House "A")******AN ACT CONCERNING MINOR AND CLARIFYING CHANGES TO THE SUBSIDIZED TRAINING AND EMPLOYMENT PROGRAM AND OTHER STATUTES AFFECTING THE LABOR DEPARTMENT.*****SUMMARY:**

This bill makes several changes in the Subsidized Training and Employment Program (STEP) and the Unemployed Armed Forces Member STEP. By law, these programs provide grants to qualifying businesses and manufacturers to help offset the cost of training and compensating eligible new employees and unemployed veterans during their first 180 days on the job.

The bill:

1. prohibits eligible businesses and manufacturers from receiving STEP grants for new employees hired to replace workers they (a) currently employ or (b) terminated, unless they demonstrate just cause for replacing or terminating the workers;
2. (a) requires the Department of Labor (DOL) to monitor, as its commissioner prescribes, the outside consultants or Workforce Investment Boards (WIB) it retains to run the programs, (b) allows it to pay for the monitoring with the funds set aside for covering STEP's marketing and operations costs, and (c) reduces the amount of funds set aside to cover such costs;
3. allows DOL to use certain funds set aside for the Unemployed Armed Forces Member STEP's administrative costs to cover transportation costs for eligible employees;
4. renames the STEP "new apprentice" program as the

“preapprentice program” and expands the eligible employees for which businesses may receive the grants; and

5. specifies that the state and its political subdivisions do not qualify for STEP grants.

The bill also eliminates obsolete provisions relating to the Fair Wage Board statute, which was repealed in 2013.

*House Amendment “A” reduces, from 4% to 1%, the amount of STEP and the Unemployed Armed Forces Member STEP funds set aside to cover certain administrative costs.

EFFECTIVE DATE: October 1, 2015, except for the provisions eliminating obsolete statutes, which are effective upon passage.

USE OF STEP FUNDS ALLOCATED FOR ADMINSTRATIVE COSTS

Current law allowed DOL, in FY 13, to use up to 4% of funds allocated for STEP and the Unemployed Armed Forces Member STEP to cover the programs’ marketing and operations costs. The bill (1) allows DOL to use the funds, at the commissioner’s discretion, in any fiscal year; (2) allows it to use the funds to also cover the cost of monitoring the outside consultants or WIBs it retains to run the programs; and (3) reduces, from 4% to 1%, the amount of the funds set aside for such purposes.

The law establishes separate 4% set-asides DOL may use to pay the outside consultants or WIBs running the programs. Under the bill, DOL may use such funds set aside under the Unemployed Armed Forces Member STEP to cover the transportation costs for eligible veterans for whom businesses are receiving a STEP grant.

STEP PREAPPRENTICE PROGRAM

PA 14-38 created a “new apprentice” grant program under STEP to subsidize on-the-job training costs incurred by small businesses and manufacturers that hire high school or college students. The bill expands the program to include individuals (1) age 18 or younger and

(2) employed under a written agreement with an apprenticeship program sponsor for a training and employment period of up to 2,000 hours or 24 months. It also replaces the term “new apprentice” with “preapprentice.”

By law, the apprentice must not be employed (1) in Connecticut by a relative at an eligible small business during the previous 12 months or (2) on a temporary or seasonal basis by a retailer that sells goods primarily used for personal, family, or household purposes.

BACKGROUND

Businesses Qualifying for STEP and Unemployed Armed Forces Member STEP

STEP and the Unemployed Armed Forces Member STEP are open to different types of businesses. STEP is open to small businesses and manufacturers that (1) employed 100 or fewer people during at least half of their working days in the prior 12 months, (2) have operations in Connecticut, (3) have been registered to do business in Connecticut for at least 12 months, and (4) are current on all state and local taxes. The Unemployed Armed Forces Member STEP is open to businesses of any size that meet the other eligibility criteria.

WIBs

The state’s five WIBs are responsible for oversight, strategic planning, and policymaking related to workforce development activities provided through local One-Stop CTWorks Career Centers.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 13 Nay 0 (03/12/2015)