



Senate

General Assembly

File No. 273

January Session, 2015

Substitute Senate Bill No. 1034

Senate, March 26, 2015

The Committee on Labor and Public Employees reported through SEN. GOMES of the 23rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING EMPLOYEE WAGES.

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

1 Section 1. Subsection (h) of section 31-53 of the general statutes, as
2 amended by section 1 of public act 14-44, is repealed and the following
3 is substituted in lieu thereof (*Effective October 1, 2015*):

4 (h) The provisions of this section do not apply where the total cost
5 of all work to be performed by all contractors and subcontractors in
6 connection with new construction of any public works project is less
7 than [four hundred thousand] two million dollars or where the total
8 cost of all work to be performed by all contractors and subcontractors
9 in connection with any remodeling, refinishing, refurbishing,
10 rehabilitation, alteration or repair of any public works project is less
11 than one [hundred thousand] million dollars.

12 Sec. 2. Section 31-231a of the general statutes is repealed and the
13 following is substituted in lieu thereof (*Effective October 1, 2015*):

14 (a) For a construction worker identified pursuant to regulations
15 adopted in accordance with subsection (c) of this section, the total
16 unemployment benefit rate for the individual's benefit year
17 commencing on or after April 1, 1996, shall be an amount equal to one
18 twenty-sixth, rounded to the next lower dollar, of his total wages paid
19 during that quarter of his current benefit year's base period in which
20 wages were the highest but not less than fifteen dollars nor more than
21 the maximum benefit rate as provided in subsection (b) of this section,
22 and on or after October 1, 2015, shall be an amount equal to one
23 twenty-sixth, rounded to the next lower dollar, of his total wages paid
24 during that quarter of his current benefit year's base period in which
25 wages were the highest but not less than twenty-five dollars nor more
26 than the maximum benefit rate as provided in subsection (b) of this
27 section. Commencing on and after October 1, 2016, and not later than
28 each October first thereafter, the administrator shall announce an
29 adjustment in the minimum unemployment benefit rate that shall be
30 equal to the percentage increase between the last complete calendar
31 year and the previous calendar year in the consumer price index for
32 urban wage earners and clerical workers in the northeast urban area of
33 New York-Northern New Jersey-Long Island, NY-NJ-CT-PA, with no
34 seasonal adjustment, as calculated by the United States Department of
35 Labor's Bureau of Labor Statistics, with the amount of the minimum
36 unemployment benefit rate increase rounded to the nearest five cents.
37 The minimum unemployment benefit rate increase announced by the
38 administrator not later than October first shall become the new
39 minimum unemployment benefit rate and shall be effective on the
40 January first immediately following.

41 (b) For an individual not included in subsection (a) of this section,
42 the individual's total unemployment benefit rate for his benefit year
43 commencing after September 30, 1967, shall be an amount equal to one
44 twenty-sixth, rounded to the next lower dollar, of the average of his
45 total wages, as defined in subdivision (1) of subsection (b) of section
46 31-222, paid during the two quarters of his current benefit year's base
47 period in which such wages were highest but not less than fifteen, and
48 commencing after October 1, 2015, not less than twenty-five dollars nor

49 more than one hundred fifty-six dollars in any benefit year
50 commencing on or after the first Sunday in July, 1982, nor more than
51 sixty per cent rounded to the next lower dollar of the average wage of
52 production and related workers in the state in any benefit year
53 commencing on or after the first Sunday in October, 1983, and
54 provided the maximum benefit rate in any benefit year commencing
55 on or after the first Sunday in October, 1988, shall not increase more
56 than eighteen dollars in any benefit year, such increase to be effective
57 as of the first Sunday in October of such year. The average wage of
58 production and related workers in the state shall be determined by the
59 administrator, on or before August fifteenth annually, as of the year
60 ended the previous June thirtieth to be effective during the benefit year
61 commencing on or after the first Sunday of the following October and
62 shall be so determined in accordance with the standards for the
63 determination of average production wages established by the United
64 States Department of Labor, Bureau of Labor Statistics. Commencing
65 on and after October 1, 2016, and not later than each October first
66 thereafter, the administrator shall announce an adjustment in the
67 minimum unemployment benefit rate that shall be equal to the
68 percentage increase between the last complete calendar year and the
69 previous calendar year in the consumer price index for urban wage
70 earners and clerical workers in the northeast urban area of New York-
71 Northern New Jersey-Long Island, NY-NJ-CT-PA, with no seasonal
72 adjustment, as calculated by the United States Department of Labor's
73 Bureau of Labor Statistics, with the amount of the minimum
74 unemployment benefit rate increase rounded to the nearest five cents.
75 The minimum unemployment benefit rate increase announced by the
76 administrator not later than October first shall become the new
77 minimum unemployment benefit rate and shall be effective on the
78 January first immediately following.

79 (c) The administrator shall adopt regulations pursuant to the
80 provisions of chapter 54 to implement the provisions of this section.
81 Such regulations shall specify the National Council on Compensation
82 Insurance employee classification codes which identify construction
83 workers covered by subsection (a) of this section and specify the

84 manner and format in which employers shall report the identification
85 of such workers to the administrator.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	31-53(h)
Sec. 2	<i>October 1, 2015</i>	31-231a

LAB *Joint Favorable Subst.*

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 16 \$	FY 17 \$
Labor Dept.	UCF - Savings	2.3 million	3.0 million
Various State Agencies	Various - Savings	Potential	Potential
Treasurer, Debt Serv.	GF - Savings	Potential	Potential

Municipal Impact:

Municipalities	Effect	FY 16 \$	FY 17 \$
Various Municipalities	Savings	Potential	Potential

Explanation

The bill increases the public works prevailing wage threshold from \$400,000 to \$2 million for new construction projects and from \$100,000 to \$1 million for renovation and remodeling projects. This results in a significant savings to the state and municipalities primarily in bond funds (debt service payments) for new construction projects and renovation projects valued between these thresholds.

The bill also increases, from \$600 to \$1,000, the minimum base period earnings required to qualify for unemployment benefits. This results in an annualized savings of \$3 million to the Unemployment Compensation Trust Fund due to reduced unemployment benefit payouts beginning in 2016. The bill also indexes this change to inflation beginning in 2017, which could increase the savings beginning that year.

Background

Municipalities are required to obtain prevailing wage rate

information from the Labor Department when undertaking a prevailing wage project. Using DOL data, at least 553 projects in FY 15 to date, with a total cost of \$185.6 million, were valued at less than \$1 million. These projects would not have been subject to prevailing wage rates under the bill's provisions. An additional 128 projects, with a total value of \$166.7 million, could have been impacted by the bill. These projects were valued at between \$1 million and \$2 million, and would only have been impacted if they were new construction projects.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 1034*****AN ACT CONCERNING EMPLOYEE WAGES.*****SUMMARY:**

This bill increases the public works prevailing wage threshold from \$400,000 to \$2 million for new construction projects and from \$100,000 to \$1 million for remodeling, refinishing, refurbishing, rehabilitation, alterations, or repair projects. By law, employers on the state's or its political subdivisions' public works projects with total costs that exceed the thresholds must pay their construction workers the prevailing wage (i.e., wages and benefits equal to those that are customary or prevailing for the same work, in the same trade or occupation, in the same town).

The bill also increases the minimum unemployment benefit from \$15 to \$25 per week. In effect, this also increases, from \$600 to \$1,000, the minimum base period earnings a claimant must have to qualify for benefits. Starting in 2017, the bill requires the labor commissioner to annually adjust the minimum weekly unemployment benefit for inflation, based on the Consumer Price Index (CPI).

EFFECTIVE DATE: October 1, 2015

MINIMUM UNEMPLOYMENT BENEFITS AND EARNINGS

The bill increases the minimum weekly unemployment benefit a claimant can receive from \$15 to \$25. This change also increases the minimum a claimant must have earned over the course of his or her base period (the first four of the last five calendar quarters) to qualify for benefits. The law requires claimants to have earned at least 40 times their weekly benefit during their base period to qualify for benefits (CGS § 31-235). Thus, to qualify for the bill's \$25 minimum weekly benefit, a claimant will have to have earned at least \$1,000 (\$25

x 40) over his or her base period, instead of the \$600 required under current law.

CPI Indexing

Starting October 1, 2016, the bill requires the labor commissioner to annually announce an adjustment to the minimum weekly unemployment benefit equal to the last complete calendar year's percentage increase in the U.S. Bureau of Labor Statistics' CPI for urban wage earners and clerical workers in the New York metropolitan area (the northeast urban area of New York, Northern New Jersey, Long Island, NY-NJ-CT-PA), with no seasonal adjustment. The amount of any corresponding minimum benefit increase must be rounded to the nearest five cents and becomes effective on January 1 of the next calendar year. As described above, such increases to the minimum weekly unemployment benefits will also increase the minimum earnings requirement for benefit eligibility.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 13 Nay 0 (03/12/2015)