



Testimony of
Sharon M. Palmer, Commissioner
Department of Labor
Labor and Public Employees Committee
February 24, 2015

Good Day Senator Winfield, Representative Tercyak, Senator Hwang and Representative Rutigliano and members of the Labor and Public Employees Committee. Thank you for the opportunity to provide you with comment regarding *House Bill 5515 AA Exploring the Prevailing Wage Laws* and other prevailing wage-related bills on your public hearing agenda. My name is Sharon Palmer and I am the Labor Commissioner.

Introduction:

Connecticut adopted its prevailing wage law in 1933 and currently there are 32 states that have this law. At the time the intended purpose was to ensure that the hourly wages commonly paid to construction workers in an area where a project is being constructed would be the minimum wage paid on government funded projects. Another way of stating this would be that prevailing wage laws are aimed at preventing government low bid requirements from reducing the market price for labor to levels that would disrupt the local economy.

What is the "prevailing wage"?

The prevailing wage is a combination of the basic hourly rate and any fringe benefits listed on a prevailing wage schedule promulgated by the Labor Commissioner. A contractor's obligation is to pay to each laborer and mechanic the applicable prevailing wage entirely as cash wages or by a combination of cash wages and employer provided bona fide fringe benefits. Those benefits include health and welfare costs such as health insurance, pension plans, sick and disability plans and vacations and holidays. Benefits required by law such as unemployment or worker's compensation cannot be included in the benefit payment to each worker.

Registered apprentices may be employed on public work projects and paid according to their wage progression schedule.

How is the rate set?

Prior to 1977 the Labor Commissioner was required to hold hearings to determine the

prevailing rate of wages upon any public work in a specified area and establish classifications of skilled, semi-skilled and ordinary laborers. Public Act 77-442 gave the Labor Commissioner the authority to adopt the prevailing wage determinations set by the U.S. Secretary of Labor under the Davis-Bacon Act. The Labor Commissioner has used this method since 1978.

Wage rates are established by the U.S. Department of Labor using surveys of contractors who have completed construction work in a particular area during a specified time period. The last survey was published in 2009. Connecticut uses general wage determinations for specific geographical areas. The prevailing wage rates are set to equal the majority wage or an average of the wages received by all workers in a classification.

Rates based on collective bargaining agreements are updated when those agreements change, even if no new survey was conducted.

What are the thresholds?

There was no threshold until 1961. The threshold means the total cost of a public works project. The threshold in 1961 was \$5,000 and a two-tier system was introduced in 1979 with \$10,000 for renovation projects and \$50,000 for new construction. In 1985 they were increased to \$50,000 and \$200,000 respectively and in 1991 to the current levels of \$100,000 and \$400,000. The Department has issued an average of 1360 prevailing wage schedules each year over the last 10 years.

Resources used:

Prevailing Wage Laws in Connecticut, Legislative Program Review and Investigation Committee, 1996
A Guide to Prevailing Wage Laws in Connecticut - Connecticut Labor Department on website www.ct.gov/dol
United States Department of Labor, Wage and Hour Division - Wage Determination - 10 Form; available at www.dol.gov/whd/programs/dbra

Thank you for the opportunity to provide you with my comments.