



# House of Representatives

**File No. 870**

General Assembly

January Session, 2019

**(Reprint of File No. 267)**

House Bill No. 5004  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
May 10, 2019

## ***AN ACT INCREASING THE MINIMUM FAIR WAGE.***

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

1 Section 1. Subsection (i) of section 31-58 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2019*):

4 (i) "Minimum fair wage" in any industry or occupation in this state  
5 means: [a]

6 (1) A wage of not less than six dollars and seventy cents per hour,  
7 and effective January 1, 2003, not less than six dollars and ninety cents  
8 per hour, and effective January 1, 2004, not less than seven dollars and  
9 ten cents per hour, and effective January 1, 2006, not less than seven  
10 dollars and forty cents per hour, and effective January 1, 2007, not less  
11 than seven dollars and sixty-five cents per hour, and effective January  
12 1, 2009, not less than eight dollars per hour, and effective January 1,  
13 2010, not less than eight dollars and twenty-five cents per hour, and  
14 effective January 1, 2014, not less than eight dollars and seventy cents  
15 per hour, and effective January 1, 2015, not less than nine dollars and

16 fifteen cents per hour, and effective January 1, 2016, not less than nine  
17 dollars and sixty cents per hour, and effective January 1, 2017, not less  
18 than ten dollars and ten cents per hour, and effective October 1, 2019,  
19 not less than eleven dollars per hour, and effective September 1, 2020,  
20 not less than twelve dollars per hour, and effective August 1, 2021, not  
21 less than thirteen dollars per hour, and effective July 1, 2022, not less  
22 than fourteen dollars per hour, and effective June 1, 2023, not less than  
23 fifteen dollars per hour. On October 15, 2023, and on each October  
24 fifteenth thereafter, the Labor Commissioner shall announce the  
25 adjustment in the minimum fair wage which shall become the new  
26 minimum fair wage and shall be effective on January first immediately  
27 following. On January 1, 2024, and not later than each January first  
28 thereafter, the minimum fair wage shall be adjusted by the percentage  
29 change in the employment cost index, or its successor index, for wages  
30 and salaries for all civilian workers, as calculated by the United States  
31 Department of Labor, over the twelve-month period ending on June  
32 thirtieth of the preceding year, rounded to the nearest whole cent.

33 (2) In no event shall the minimum fair wage be less than the amount  
34 established under subdivision (1) of this subsection, or one-half of one  
35 per cent rounded to the nearest whole cent more than the highest  
36 federal minimum wage, whichever is greater, except as may otherwise  
37 be established in accordance with the provisions of this part.

38 (3) All wage orders in effect on October 1, 1971, wherein a lower  
39 minimum fair wage has been established, are amended to provide for  
40 the payment of the minimum fair wage herein established except as  
41 hereinafter provided.

42 (4) Whenever the highest federal minimum wage is increased, the  
43 minimum fair wage established under this part shall be increased to  
44 the amount of said federal minimum wage plus one-half of one per  
45 cent more than said federal rate, rounded to the nearest whole cent,  
46 effective on the same date as the increase in the highest federal  
47 minimum wage, and shall apply to all wage orders and administrative  
48 regulations then in force.

49       (5) The rates for [learners, beginners, and] all persons under the age  
50 of eighteen years, except emancipated minors, shall be not less than  
51 eighty-five per cent of the minimum fair wage for the first [two  
52 hundred hours] ninety days of such employment, or ten dollars and  
53 ten cents per hour, whichever is greater, and shall be equal to the  
54 minimum fair wage thereafter, except in institutional training  
55 programs specifically exempted by the commissioner.

56       (6) After two consecutive quarters of negative growth in the state's  
57 real gross domestic product, as reported by the Bureau of Economic  
58 Analysis of the United States Department of Commerce, the Labor  
59 Commissioner shall report his or her recommendations, in writing, to  
60 the Governor regarding whether any scheduled increases in the  
61 minimum fair wage pursuant to this section should be suspended.  
62 Upon receiving the report, the Governor may submit his or her  
63 recommendations regarding the suspension of such minimum fair  
64 wage increases to the General Assembly.

65       Sec. 2. Section 31-60 of the general statutes is repealed and the  
66 following is substituted in lieu thereof (*Effective from passage*):

67       (a) [Any] Except as provided in subdivision (5) of subsection (i) of  
68 section 31-58, as amended by this act, any employer who pays or  
69 agrees to pay to an employee less than the minimum fair wage or  
70 overtime wage shall be deemed in violation of the provisions of this  
71 part.

72       (b) The Labor Commissioner shall adopt such regulations, in  
73 accordance with the provisions of chapter 54, as may be appropriate to  
74 carry out the purposes of this part. Such regulations may include, but  
75 are not limited to, regulations defining and governing an executive,  
76 administrative or professional employee and outside salesperson;  
77 learners and apprentices, their number, proportion and length of  
78 service; and piece rates in relation to time rates; and shall recognize, as  
79 part of the minimum fair wage, gratuities in an amount (1) equal to  
80 twenty-nine and three-tenths per cent, and effective January 1, 2009,

81 equal to thirty-one per cent of the minimum fair wage per hour, and  
82 effective January 1, 2014, equal to thirty-four and six-tenths per cent of  
83 the minimum fair wage per hour, and effective January 1, 2015, and  
84 ending on June 30, 2019, equal to thirty-six and eight-tenths per cent of  
85 the minimum fair wage per hour for persons, other than bartenders,  
86 who are employed in the hotel and restaurant industry, including a  
87 hotel restaurant, who customarily and regularly receive gratuities, (2)  
88 equal to eight and two-tenths per cent, and effective January 1, 2009,  
89 equal to eleven per cent of the minimum fair wage per hour, and  
90 effective January 1, 2014, equal to fifteen and six-tenths per cent of the  
91 minimum fair wage per hour, and effective January 1, 2015, and  
92 ending on June 30, 2019, equal to eighteen and one-half per cent of the  
93 minimum fair wage per hour for persons employed as bartenders who  
94 customarily and regularly receive gratuities, and (3) not to exceed  
95 thirty-five cents per hour in any other industry, and shall also  
96 recognize deductions and allowances for the value of board, in the  
97 amount of eighty-five cents for a full meal and forty-five cents for a  
98 light meal, lodging, apparel or other items or services supplied by the  
99 employer; and other special conditions or circumstances which may be  
100 usual in a particular employer-employee relationship. The  
101 commissioner may provide, in such regulations, modifications of the  
102 minimum fair wage herein established for learners and apprentices;  
103 persons under the age of eighteen years; and for such special cases or  
104 classes of cases as the commissioner finds appropriate to prevent  
105 curtailment of employment opportunities, avoid undue hardship and  
106 safeguard the minimum fair wage herein established. Regulations in  
107 effect on July 1, 1973, providing for a board deduction and allowance  
108 in an amount differing from that provided in this section shall be  
109 construed to be amended consistent with this section.

110 (c) Regulations adopted by the commissioner pursuant to  
111 subsection (b) of this section which define executive, administrative  
112 and professional employees shall be updated not later than October 1,  
113 2000, and every four years thereafter, to specify that such persons shall  
114 be compensated on a salary basis at a rate determined by the Labor

115 Commissioner.

116 (d) (1) Effective July 1, 2019, the Labor Commissioner shall  
117 recognize, as part of the minimum fair wage, gratuities in an amount  
118 equal to the difference between the minimum fair wage and the  
119 employer's share per hour for persons, other than bartenders, who are  
120 employed in the hotel and restaurant industry, including a hotel  
121 restaurant, who customarily and regularly receive gratuities. The  
122 Labor Commissioner shall also recognize, as part of the subminimum  
123 wage established in subdivision (5) of subsection (i) of section 31-58, as  
124 amended by this act, gratuities in an amount equal to the difference  
125 between such subminimum wage and the employer's share per hour  
126 for persons, other than bartenders, who are employed in the hotel and  
127 restaurant industry, including a hotel restaurant, who customarily and  
128 regularly receive gratuities.

129 (2) Effective July 1, 2019, the Labor Commissioner shall recognize, as  
130 part of the minimum fair wage, gratuities in an amount equal to the  
131 difference between the minimum fair wage and the employer's share  
132 per hour for persons employed as bartenders who customarily and  
133 regularly receive gratuities.

134 (3) As used in this subsection "employer's share" means (A) six  
135 dollars and thirty-eight cents per hour for persons, other than  
136 bartenders, who are employed in the hotel and restaurant industry,  
137 including a hotel restaurant, who customarily and regularly receive  
138 gratuities, and (B) eight dollars and twenty-three cents per hour for  
139 persons employed as bartenders who customarily and regularly  
140 receive gratuities.

141 (e) On and after October 1, 2020, no employer may take any action  
142 to displace an employee, including, but not limited to, a partial  
143 displacement of an employee, such as reducing the employee's hours,  
144 wages or employment benefits, for purposes of hiring persons under  
145 the age of eighteen years at a rate below the minimum fair wage. If the  
146 Labor Commissioner determines that an employer has violated this

147 subsection, the commissioner shall suspend the employer's right to pay  
 148 the reduced rate for employees for a period of time specified in  
 149 regulations adopted pursuant to subsection (b) of this section.

150 Sec. 3. (*Effective from passage*) (a) The Labor Commissioner shall  
 151 conduct a study regarding workers in this state who receive gratuities.  
 152 The commissioner may consult with any individuals or entities the  
 153 commissioner deems relevant to the purposes of the study. When the  
 154 study is concluded, the commissioner shall make recommendations  
 155 regarding the optimal methods of obtaining the following information:  
 156 (1) Which groups of workers in this state receive compensation in the  
 157 form of gratuities, (2) the demographics of such workers, (3) the  
 158 amount of gratuities received by such workers, and (4) any difference  
 159 in wage growth between workers who receive gratuities and workers  
 160 who do not receive gratuities. Such study shall include an estimate of  
 161 the potential costs associated with the commissioner's  
 162 recommendations.

163 (b) Not later than January 17, 2020, the commissioner shall submit a  
 164 report, in accordance with the provisions of section 11-4a of the general  
 165 statutes, to the joint standing committee of the General Assembly  
 166 having cognizance of matters relating to labor of the findings of such  
 167 study.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2019</i>	31-58(i)
Sec. 2	<i>from passage</i>	31-60
Sec. 3	<i>from passage</i>	New 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:**

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Various State Agencies (Contracts)	Various - Potential Cost	at least \$2.8 million	at least \$7.5 million
Various State Agencies (State Employees)	Various - Potential Cost	1.6 million	4.6 million
Various State Agencies	GF - Potential Savings	See Below	See Below

Note: Various=Various; GF=General Fund

**Municipal Impact:**

Municipalities	Effect	FY 20 \$	FY 21 \$
Various Municipalities	STATE MANDATE <sup>1</sup> - Cost	See Below	See Below

**Explanation**

The bill results in increased compensation and contract costs to the state and municipalities. The bill raises the state minimum hourly wage from \$10.10 to \$11.00 on October 1, 2019; from \$11.00 to \$12.00 on September 1, 2020; from \$12.00 to \$13.00 on August 1, 2021; from \$13.00 to \$14.00 on July 1, 2022; and from \$14.00 to \$15.00 on June 1, 2023. The bill indexes any future increases to annual changes in the employment cost index (ECI) beginning on January 1, 2024. This could result in total state costs of at least \$4.4 million in FY 20, \$12.1 million in FY 21, \$22.2 million in FY 22, and \$38.2 million in FY 23.

<sup>1</sup> State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

## Contract Impact to State Agencies

If the provisions of the bill are interpreted to require various agencies to increase contracts with private providers, it will result in a cost to state agencies to accommodate an increase in the minimum wage and associated fringe benefit costs. The following agencies have human services contracts with private providers: the departments of Mental Health and Addiction Services (DMHAS), Children and Families (DCF), Social Services (DSS), Developmental Services (DDS)<sup>2</sup>, Correction (DOC), Housing (DOH), Rehabilitation Services, (DORS), Public Health (DPH), the Office of Early Childhood and the Judicial Department.

Based on a review of various agency contracts, the proposed increases are anticipated to result in a cost of at least \$1.2 million in FY 20, \$3.9 million in FY 21, \$7.9 million in FY 22, and \$17.3 million in FY 23.

These estimates do not include costs associated with Medicaid expenditures, which could increase for providers whose employee costs are factored into Medicaid rates.

In addition, the Department of Administrative Services has identified approximately 150 contracts that are potentially impacted, resulting in increased annual contract costs estimated at \$450,000 in FY 20, and \$700,000 in FY 21, \$850,000 in FY 22 and \$1,000,000 in FY 23 as a result of the bill.

### *Family Child Care Providers*

The bill could result in increased costs of \$1.1 million in FY 20, \$2.9 million in FY 21, \$4.7 million in FY 22, and \$6.6 million in FY 23 associated with the Family Child Care Provider collective bargaining agreement, if the current provisions of the contract are maintained.

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<sup>2</sup> The bill impacts DDS private provider costs in FY 23 because SA 18-5 increased the minimum wage paid to DDS funded providers to \$14.75 per hour by January 1, 2019.



The original agreement expired June 30, 2017; the estimate assumes a similar contract effective in FY 20. The original agreement specified the rate for unlicensed providers must be one-third of the state's minimum wage and reflect any related increases on January 1 of the years for which the contract is active. The payment for these providers is made through the Office of Early Childhood via the Care4Kids TANF/CCDF account.

**Impact to State Assistance Programs**

Increasing the minimum wage could reduce participation levels in state assistance programs that have income eligibility requirements. Any savings associated with a reduction in state assistance will depend on the income limits for each program and the change in hourly wages, total hours worked, and the family size of program participants.

For reference, the average annual state Medicaid cost for an individual in HUSKY D is \$870 and \$1,860 for HUSKY A. The table below identifies the approximate number of hours various HUSKY eligibility groups could work per week at each hourly rate before becoming ineligible for the program due to exceeding income limits.

Hourly Rate	Weekly Hours				
	HUSKY D		HUSKY A		
	Adult without Dependents-Single	Adult without Dependents-Fam of 2	Parent/Caretaker-Fam of 2	Parent/Caretaker-Fam of 3	Pregnant Woman-Single
\$ 10.10	35	48	54	68	67
\$ 11.25	31	43	48	61	60
\$ 12.50	28	38	43	55	54
\$ 13.75	26	35	39	50	49
\$ 15.00	23	32	36	45	45

### **State Employee Compensation Impact**

An increase in the state minimum wage will have a fiscal impact on the compensation and fringe benefits provided to state employees. The employees impacted are primarily summer workers, seasonal workers, and student and senior workers. It is estimated that state employee compensation and fringe benefit costs<sup>3</sup> excluding the constituent units will increase by at least \$225,000 in FY 20, \$350,000 in FY 21, \$425,000 in FY 22, and \$500,000 in FY 23.

The bill results in a potential combined cost to the higher education constituent units of approximately \$1.4 million in FY 20, \$4.2 million in FY 21, \$7.1 million in FY 22, and \$11.8 million in FY 23 if the number of employees and hours each works remains unchanged. As nearly all the affected constituent unit employees are students, the constituent units may choose to keep constant the total amount of institutional funds dedicated to student workers, which would result in a redistribution of these funds among students, or to increase such amount as described above.

### **Municipal Impact**

The bill also increases costs to municipalities that employ minimum wage workers. These costs can vary significantly based on the size of the municipality. When fully phased in, the bill could result in costs as follows:

Large City (pop: 100,000+): \$800,000 - \$1.0 million

Medium Sized City (pop: 50,000 - 80,000): \$400,000 - \$600,000

Small City: (pop: 30,000 - 50,000): \$100,000 - \$300,000

Small Town (pop: less than 20,000): Less than \$50,000

As the bill requires a phase in of the minimum wage increase, these

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<sup>3</sup> Employers are liable for 6.2% Social Security and 1.45% in Medicare taxes.

costs would not be fully incurred until FY 24. The chart<sup>4</sup> below illustrates how the phase in could impact three municipalities:

	FY 20 Est. \$	FY 21 Est. \$	FY 22 Est. \$	FY 23 Est. \$	FY 24 Est. \$
Bridgeport	75,000	255,300	460,600	714,291	1,000,000
Manchester	39,400	135,600	244,700	379,600	550,400
Torrington	12,300	42,400	76,500	118,600	172,000

**Other**

The bill may result in additional costs to some municipalities and state agencies due to wage compression. This refers to an increase in wages that are currently slightly above a new minimum wage due to an increase in the minimum wage.

The bill makes other changes, including adjustments to the tip credit and requirements related to the Department of Labor, which are not anticipated to result in a fiscal impact to the state or municipalities.

House “A” strikes the language and associated fiscal impact of the underlying bill and results in the fiscal impact described above.

**The Out Years**

The annualized fiscal impact to the state and municipalities will continue into the future subject to the number of workers and hours employed, and the minimum wage as adjusted annually by the federal ECI beginning in 2024.

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<sup>4</sup> Manchester’s data for all years is based on payroll information reported by the town. The FY 24 figures for Bridgeport and Torrington represent the estimated full cost of a \$15/hour minimum wage, as reported by those towns. Costs for FY 20 – FY 23 for Bridgeport and Torrington assumes that the phase in has the same proportional impact as estimated for the City of Manchester.

**OLR Bill Analysis****HB 5004 (as amended by House "A")\******AN ACT INCREASING THE MINIMUM FAIR WAGE.*****SUMMARY**

This bill increases the state's minimum hourly wage from its current \$10.10 to (1) \$11.00 on October 1, 2019; (2) \$12.00 on September 1, 2020; (3) \$13.00 on August 1, 2021; (4) \$14.00 on July 1, 2022; and (5) \$15.00 on June 1, 2023. Beginning January 1, 2024, it indexes future annual minimum wage changes to the federal employment cost index (ECI).

Current law provides a "tip credit" to employers of hotel and restaurant staff and bartenders who customarily receive tips. The credit allows employers to count these employees' tips as a percentage of their minimum wage requirement, thus reducing the employer's share of the minimum wage, as long as the tips make up the difference. The bill freezes the employer's share of these employees' minimum wage requirement at their current values (\$6.38 for hotel and restaurant staff, and \$8.23 for bartenders) and requires the tip credit's value to correspondingly increase to make up the difference between the employer's share and the bill's minimum wage increases. Thus, it allows employers to count these employees' tips towards the difference between the employer's share and the increasing minimum wage, as long as the tips make up the difference.

Starting October 1, 2019, the bill also changes the "training wage" that employers may pay to learners, beginners, and people under age 18. Current law generally allows employers to pay these employees as low as 85% of the regular minimum wage for their first 200 hours of employment. The bill eliminates the training wage exceptions for learners and beginners, and limits the training wage to only people under age 18, except emancipated minors. Thus, it requires learners and beginners who are at least age 18 to be paid the full minimum

wage. It also (1) requires the training wage to be the greater of \$10.10 or 85% of the minimum wage and (2) allows employers to pay the training wage to people under age 18 for the first 90 days, rather than 200 hours, of their employment.

Starting October 1, 2020, the bill prohibits employers from taking any action to displace, or partially displace, an employee in order to hire people under age 18 at a subminimum wage rate. This includes reducing an employee's hours, wages, or employment benefits. If the labor commissioner determines that an employer violated this prohibition, he must suspend the employer's right to pay the reduced rate for employees for a period of time specified in regulations. (Presumably, the commissioner will have to adopt such regulations, as current regulations do not include such a penalty.)

Lastly, the bill requires the labor commissioner to (1) make recommendations on whether any scheduled minimum wage increases should be suspended after two consecutive quarters of negative growth in the state's real gross domestic product and (2) study workers who receive tips and recommend ways to obtain certain information about them.

\*House Amendment "A" replaces the underlying bill, which would have (1) increased the minimum wage to \$15.00 over three years, (2) indexed future minimum wage increases to the Consumer Price Index, and (3) eliminated employers' ability to pay a training wage.

EFFECTIVE DATE: October 1, 2019, except the provisions on the tip credit and a study of tipped workers are effective upon passage.

### **ECI INDEXING**

Starting on January 1, 2024, and by each January 1 after that, the bill requires the minimum wage to be adjusted by the percent change in the ECI (or its successor index) for all civilian workers' wages and salaries over the 12-month period ending on June 30 of the preceding year, as calculated by the U.S. Department of Labor (USDOL). In

general, the ECI is a quarterly measure of the change in the cost of labor prepared by USDOL's Bureau of Labor Statistics. Based on the results of a national compensation survey, the ECI's components include changes in wages and salaries and employer costs for employee benefits.

Starting on October 15, 2023, and on each subsequent October 15, the bill requires the state's labor commissioner to annually announce the adjustment and the new minimum wage for the next year, rounded to the nearest cent. The new minimum wage becomes effective on the following January 1.

As under current law, the state's minimum wage cannot fall below 0.5% more than the federal minimum wage.

### **TIP CREDIT**

The law provides a "tip credit" to employers of hotel and restaurant staff and bartenders who customarily and regularly receive tips. The credit allows employers to count these employees' tips as a percentage of their minimum wage requirement, thus reducing the employer's share of the minimum wage, as long as the tips make up the difference.

Under current law, the tip credit is 36.8% of the minimum wage for tipped hotel and restaurant staff and 18.5% of the minimum wage for bartenders. Thus, under current law's \$10.10 minimum wage, the employer's share of the minimum wage requirement is \$6.38 for hotel and restaurant staff and \$8.23 for bartenders.

The bill freezes the employer's share at its current \$6.38 for hotel and restaurant staff and \$8.23 for bartenders. It does so, starting on July 1, 2019, by requiring the labor commissioner to recognize a tip credit that equals the difference between the applicable minimum wage and the "employer's share," which the bills sets as \$6.38 for hotel and restaurant staff and \$8.23 for bartenders (the same amounts as required under the current \$10.10 minimum wage). Thus, as the minimum wage increases under the bill, the value of the tip credit will

correspondingly increase to make up the difference between the employer’s share and new minimum wage, as shown in tables 1 and 2 below.

**Table 1: Hotel and Restaurant Employees’ Tip Credit under the Bill**

<b>Effective Date</b>	<b>Minimum Wage</b>	<b>Tip Credit</b> (difference between minimum wage and employer’s share)	<b>Employer’s Share</b>
<b>Current Law</b>	\$10.10	\$3.72	\$6.38
<b>10/1/19</b>	\$11.00	\$4.62	\$6.38
<b>9/1/20</b>	\$12.00	\$5.62	\$6.38
<b>8/1/21</b>	\$13.00	\$6.62	\$6.38
<b>7/1/22</b>	\$14.00	\$7.62	\$6.38
<b>6/1/23</b>	\$15.00	\$8.62	\$6.38

**Table 2: Bartenders’ Tip Credit under the Bill**

<b>Effective Date</b>	<b>Minimum Wage</b>	<b>Tip Credit</b> (difference between minimum wage and employer’s share)	<b>Employer’s Share</b>
<b>Current Law</b>	\$10.10	\$1.87	\$8.23
<b>10/1/19</b>	\$11.00	\$2.77	\$8.23
<b>9/1/20</b>	\$12.00	\$3.77	\$8.23
<b>8/1/21</b>	\$13.00	\$4.77	\$8.23
<b>7/1/22</b>	\$14.00	\$5.77	\$8.23
<b>6/1/23</b>	\$15.00	\$6.77	\$8.23

The bill also specifies that for hotel and restaurant staff earning the training wage (see below), the labor commissioner must recognize a tip credit that equals the difference between the training wage and the \$6.38 employer’s share set by the bill.

**TRAINING WAGE**

Current law generally allows employers to pay learners, beginners, and people under age 18 a “training wage,” as low as 85% of the regular minimum wage, for their first 200 hours of employment. The bill eliminates the training wage exemption for learners and beginners.

The bill requires the training wage to be the greater of \$10.10 or 85%

of the minimum wage. Thus, under the bill's minimum wage increases, it will increase from its current \$8.59 to (1) \$10.10 on October 1, 2019; (2) \$10.20 on September 1, 2020; (3) \$11.05 on August 1, 2021; (4) \$11.90 on July 1, 2022; and (5) \$12.75 on June 1, 2023.

The bill also allows employers to pay the training wage to people under age 18 for the first 90 days, rather than the first 200 hours, of their employment. After 90 days, the person must be paid at least the full minimum wage.

Under current state regulations:

1. "learners" are employees enrolled in an established vocational training program that is not "apprenticeable," but for which training may extend over a considerable length of time (Conn. Agencies Regs. § 31-60-7);
2. "beginners" are new employees in the mercantile industry (i.e., wholesale or retail stores), regardless of their age, whose 200 hour limit is based on their cumulative work experience in the mercantile industry (Conn. Agencies Regs. §§ 31-62-D2 & 31-62-D6); and
3. "Minors" are employees age 16 or 17, whose 200 hour limit is based on their total aggregate work experience, which can include one or several employers (Conn. Agencies Regs. § 31-60-6).

## **LABOR COMMISSIONER RECOMMENDATIONS AND STUDY**

### ***Recommendations to Suspend Scheduled Increases***

If there are two consecutive quarters of negative growth in the state's real gross domestic product, as reported by the U.S. Department of Commerce's Bureau of Economic Analysis, the bill requires the labor commissioner to provide written recommendations to the governor on whether any scheduled increases to the minimum wage should be suspended. Upon receiving the recommendations, the governor may submit his or her recommendations about the



suspension to the legislature.

### ***Study of Tipped Workers***

The bill requires the labor commissioner to study workers in the state who receive tips. He may consult with any individuals or entities he deems relevant to the study's purposes. Once the study is concluded, he must recommend the optimal methods for obtaining information about (1) which groups of workers receive compensation as tips, (2) the demographics of such workers, (3) the amount of tips they receive, and (4) any difference in wage growth between workers who receive tips and those who do not.

The study must also estimate the potential costs associated with the commissioner's recommendations. The commissioner must submit a report on the study's findings to the Labor and Public Employees Committee by January 17, 2020.

## **BACKGROUND**

### ***Related Bills***

SB 2 (File 207), reported favorably by the Labor and Public Employees Committee, (1) increases the minimum wage to \$15.00 over three years, (2) indexes future minimum wage increases to the Consumer Price Index, and (3) eliminates employers' ability to pay a training wage.

HB 7191 (File 195), reported favorably by the Labor and Public Employees Committee, (1) increases the minimum wage to \$15.00 over four years, (2) indexes future minimum wage changes to the employment cost index, and (3) allows employers to pay a training wage as low as 75% of the minimum wage for 90 calendar days.

## **COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable

Yea 9      Nay 5      (03/14/2019)

Appropriations Committee

Joint Favorable

Yea 32 Nay 19 (05/07/2019)