

OFFICE OF FISCAL ANALYSIS

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HB-6383

AN ACT CONCERNING CALL CENTERS AND NOTICE OF CLOSURES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Labor Dept.	GF - Potential Cost	61,442	91,924
State Comptroller - Fringe Benefits ¹	GF - Potential Cost	25,375	37,965
Labor Dept.	GF - Potential Revenue Gain	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which establishes notice requirements for certain call centers that relocate out of state and enacts certain in-state requirements for state contractors who perform state-business-related call center and customer service work, results in a potential General Fund cost of \$86,817 (partial year funding) in FY 22 and \$129,889 in FY 23 to the Department of Labor (DOL), as well as a potential minimal revenue gain from civil penalties.²

The provisions of the bill apply to relocations of call center facilities or operations that comprise at least 30% of a call center's or operating unit's average total call volume over the previous 12 months.

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.3% of payroll in FY 22 and FY 23.

² The bill establishes a civil penalty of up to \$10,000 per day for each violation, subject to the commissioner's discretion.

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Therefore, any investigations would require the DOL to examine and affirm the call volume of affected entities over the specified 12-month period. To the extent there are a substantial number of investigations, there is a cost of \$86,817 in FY 22 and \$129,889 in FY 23 associated with the salary and fringe benefits of one Wage Enforcement Agent.

As of the third quarter of 2020, there were 158 call center locations in the state that are categorized by the Quarterly Census of Employment and Wages with North American Industry Classification System (NAICS) codes that would include call centers.

The Out Years

The annualized ongoing cost impact identified above would continue into the future subject to inflation. The annualized ongoing revenue impact identified above would continue into the future subject to fluctuation in the number of potential civil penalties levied.

Sources: Bureau of Labor Statistics Quarterly Census of Employment and Wages