
OLR Bill Analysis

HB 6378 (as amended by House "A")*

AN ACT CODIFYING PREVAILING WAGE CONTRACT RATES.

SUMMARY

This bill revises the method the labor commissioner must use to set prevailing wage rates on public works projects. The bill establishes one process for building, heavy, and highway projects and another for residential projects.

Under the prevailing wage law, contractors on public works projects must at least pay the prevailing hourly wage rate and benefits, as determined by law, to all eligible workers on the project. The requirement applies to new construction projects of \$1 million or more and renovation projects of \$100,000 or more.

The bill also makes conforming changes.

*House Amendment "A" requires that the prevailing wage rate be determined by the collective bargaining agreement of "historical jurisdiction" rather than the "dominant" agreement, specifically addresses how residential project rates are determined, and provides additional requirements on determining benefit contributions.

EFFECTIVE DATE: October 1, 2021

PREVAILING WAGE DETERMINATIONS

Current law allows the commissioner to set the rates in one of two ways: (1) on his own, after (a) holding a hearing to determine the prevailing wage rates on any public work within a specified area and (b) establishing classifications of skilled, semiskilled, and ordinary labor, or (2) by adopting and using the applicable prevailing wage rate determinations made by the federal labor secretary for the federal prevailing wage law. In practice, the labor commissioner uses the federally-determined rates for the four types of prevailing wage

projects: building, heavy, highway, and residential.

The bill instead establishes one process for building, heavy, and highway projects and another for residential projects. Residential projects are those of either single- or multi-family housing or dormitories of no more than four stories.

Building, Heavy, and Highway Project Rates

The bill requires the commissioner to make the prevailing hourly wage rate for building, heavy, and highway projects for each trade or occupation the same as the rate established in the collective bargaining agreement or understanding between employers or employer associations and labor organizations in effect for that trade or occupation for the town where the project is being constructed. It also specifies the wage rates must conform to the overtime wage law.

For benefits, the bill requires that the commissioner when making the rate determination consider the amount of payment, contributions, and member benefits, including health, pension, annuity and apprenticeship funds, as recognized by the U.S. Department of Labor and the state labor commissioner and paid or payable on behalf of each person to any employee welfare fund that is established in a collective bargaining agreement or understanding between an employer and a union. Under current law, the benefit rate is the amount of payment or contributions paid or payable on behalf of each person to any employee welfare fund (see BACKGROUND).

Under the bill, for each trade or occupation for which more than one collective bargaining agreement is in effect for the town in which such project is being constructed, the collective bargaining agreement of historical jurisdiction must prevail. The bill does not define “historical jurisdiction.”

Residential Project Rates and Towns with No Bargaining Agreement

Under the bill, for residential project rates the Labor Commissioner must adopt and use the appropriate and applicable federally determined prevailing wage rates.

The bill also requires the labor commissioner to use this methodology for each trade or occupation for which there is no collective bargaining agreement in effect for the town in which the building, heavy, or highway works project is being constructed.

BACKGROUND

Employee Welfare Fund

Under the prevailing wage law, an “employee welfare fund” means any trust fund established by one or more employers and one or more labor organizations or other third parties to provide, whether through the purchase of insurance, annuity contracts, or otherwise, benefits under an employee welfare plan. The welfare plan provides benefits or services established or maintained for persons performing the work of any mechanics, laborers, or workers or their families or dependents, or for both. Benefits include medical, surgical, or hospital care benefits; sickness, accident, disability, or death benefits; unemployment benefits; or retirement benefits (CGS § 31-53(i)).

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 10 Nay 3 (02/18/2021)