

OFFICE OF FISCAL ANALYSIS

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HB-6378

AN ACT CODIFYING PREVAILING WAGE CONTRACT RATES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Labor Dept.	GF - Cost	199,200	206,829
State Comptroller - Fringe Benefits ¹	GF - Cost	82,269	85,420
Various State Agencies	GF - See Below	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 22 \$	FY 23 \$
Various Municipalities	See Below	See Below	See Below

Explanation

The bill modifies the method by which the Department of Labor (DOL) is required to determine the prevailing wage for certain trades and occupations for building, heavy, and highway projects. It requires the DOL to use wage rates set in certain collective bargaining agreements and eliminates the option for the DOL to adopt the rates set by the United States Department of Labor (USDOL), except when there is no collective bargaining agreement for a trade or occupation in the town.

It is the current practice of the DOL to adopt prevailing wage rates

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.

set by the USDOL.² Any change in the cost of state and municipal contracts affected by the prevailing wage would depend on how the wage rates determined through the method required under the bill differ from the USDOL rates.

The bill results in a cost of \$281,469 in FY 22 and \$292,249 in FY 23 for two full-time Wage Enforcement Agents and one part-time Staff Attorney to research, analyze, establish, and publish prevailing wage rates in all 169 municipalities annually as required by the methodology in the bill. This includes salary and fringe costs.

In FY 20, there were 1,000 state, municipal, and private construction projects subject to prevailing wage requirements.

The Out Years

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

² Current law allows the labor commissioner to set prevailing wage rates in one of two ways: (1) through holding a hearing to determine the prevailing wage rates on any public work within a specified area and establishing classifications of labor, or (2) by adopting the federally-determined prevailing wage rates.