OLR Bill Analysis

HB 6551

AN ACT CONCERNING STANDARD WAGES FOR CERTAIN SERVICE WORKERS AND PAID LEAVE.

SUMMARY

The state's standard wage law generally requires private contractors who perform building and property maintenance, property management, or food service work on state property to pay their employees a certain level of wages and benefits set by a statutorily defined process. This bill requires contractors covered by this law to offer a standard rate of paid leave (i.e., vacation, holiday, and personal leave) to their covered employees separate from the prevailing rates of wages and benefits required by current law.

Under the current standard wage law, the prevailing rate of benefits that must be provided to employees includes paid leave, among other benefits. However, under certain circumstances, contractors may meet this benefit requirement by either paying a 30% surcharge to fund various benefits or paying the employee an extra 30%. By requiring the contractors to offer a separate standard rate of paid leave, the bill requires them to offer it regardless of how they otherwise meet the requirement to provide the prevailing rate of benefits (e.g., an employee may receive an extra 30% plus the paid leave, instead of only the extra 30%).

The bill also does the following:

1. expands the standard wage law to cover contractors who provide security services;
2. specifies that each pay period an employee is not paid the required standard wage rate is a separate violation, subject to a $2,500 to $5,000 fine;

3. requires covered contractors, for the duration of a covered contract, to annually (a) contact the labor commissioner by September 1 to get the applicable standard wage and standard paid leave requirements and (b) make any necessary adjustments by October 1;

4. expands certified records requirements to include paid leave records; and

5. adds related notice posting requirements.

Current law allows the labor commissioner and certain other Department of Labor employees to enter a covered contractor's business and conduct certain investigative activities (e.g., examine records) upon receiving a complaint about nonpayment of the standard rate of wages. The bill (1) allows these officials to conduct these activities without first receiving a complaint and (2) specifies that an employee or a group of employees and their designated representatives may bring a complaint about nonpayment of the standard wage or paid leave with the labor commissioner.

Lastly, the bill makes various conforming and technical changes, such as more accurately referring to the federal law under which the federal Register of Wage Determinations is implemented.

EFFECTIVE DATE: July 1, 2023

PAID LEAVE

The state's standard wage law requires the contractors covered by it to pay their covered employees a standard rate of wages that includes the "prevailing rate of wages" and the "prevailing rate of benefits" received by most employees doing the same type of work under a union contract that covers at least 500 employees in Hartford County. If there is no prevailing rate of benefits the contractor must either (1) pay a 30% surcharge to cover the benefit costs or (2) if the contractor does not provide its employees benefits, pay them an extra 30%. The bill specifies that the benefits covered by the surcharge do not include those required by federal, state, or local law.

Under current law, the prevailing rate of benefits includes, among other things, the value of any vacation, holiday, and personal leave provided under the applicable union contract. The bill, however, separates paid leave (i.e., vacation, holiday, or personal leave, other than leave provided by federal, state, or local law) from the prevailing rate of benefits and requires the contractors to offer their covered employees the standard rate of paid leave in addition to the prevailing rates of wages and benefits. In doing so, it requires contractors who pay the 30% surcharge or the additional 30% to their employees to also provide paid leave to their employees.

The bill also specifies that it does not require the contractors to ensure that their employees use all of the paid leave.

Determining the Standard Rate of Paid Leave

The bill requires the labor commissioner to determine the standard rate of paid leave as the greater of the paid leave provided under the (1) federal McNamara-O'Hara Service Contract Act (see BACKGROUND) or (2) collective bargaining agreement (CBA) covering the most hourly non-supervisory employees in Hartford County in each job classification the labor commissioner establishes under the standard wage law. An applicable CBA must cover at least 500 employees in the classification.

Certified Records

Existing law requires contractors covered by the standard wage law to submit certified payroll records to the state contracting agent annually or upon request. These records must include a statement signed by the contractor that indicates, among other things, that the records are correct and that the wage rate paid to each employee meets the standard wage law. The bill requires the records to include those that relate to the paid leave taken by each employee. It also requires the statement to indicate that the paid leave rate offered to each employee is at least the standard paid leave rate required by the bill.

Posting Requirements

The bill requires the covered contractors to post in a prominent and accessible place a poster stating (1) the standard rates of wages and paid leave owed to employees under the bill, (2) employee rights and remedies for violations of the standard wage law, and (3) the labor commissioner's contact information. They must do so by the first day that work must be performed under a covered contract and for the contract's duration.

The bill requires the labor commissioner to develop a suitable poster with the information required above and provide it to the covered contractors. It also requires her to post the department's determinations of the corresponding standard rates for each job classification on its website.

BACKGROUND

McNamara-O'Hara Service Contract Act

The McNamara-O'Hara Service Contract Act requires contractors and subcontractors performing services on prime contracts over $2,500 to pay service employees in various classes at least the wage rates and fringe benefits found prevailing in the locality or the rates (including prospective increases) in a predecessor contractor's CBA (41 U.S.C. § 6701 et seq.). The U.S. Department of Labor issues wage determinations on a contract-by-contract basis in response to specific requests from contracting agencies.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable
Yea 9 Nay 2 (02/16/2023)