



# House of Representatives

General Assembly

**File No. 9**

January Session, 2023

House Bill No. 6551

*House of Representatives, March 6, 2023*

The Committee on Labor and Public Employees reported through REP. SANCHEZ, E. of the 24th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

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

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

1 Section 1. Section 31-57f of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2023*):

3 (a) As used in this section: (1) "Required employer" means any  
4 provider of food, building, property or equipment services or  
5 maintenance listed in this subdivision whose rate of reimbursement or  
6 compensation is determined by contract or agreement with the state or  
7 any state agent: (A) Building, property or equipment service companies;  
8 (B) management companies providing property management services;  
9 and (C) companies providing food preparation or service, or both; (2)  
10 "state agent" means any state official, state employee or other person  
11 authorized to enter into a contract or agreement on behalf of the state;  
12 (3) "person" means one or more individuals, partnerships, associations,  
13 corporations, business trusts, legal representatives or organized groups

14 of persons; (4) "building, property or equipment service" means any  
15 janitorial, cleaning, maintenance, security or related service; (5)  
16 "prevailing rate of wages" means the hourly wages paid for work  
17 performed within the city of Hartford under the collective bargaining  
18 agreement covering the largest number of hourly nonsupervisory  
19 employees employed within Hartford County in each classification  
20 established by the Labor Commissioner under subsection (e) of this  
21 section, provided the collective bargaining agreement covers no less  
22 than five hundred employees in the classification; (6) "prevailing rate of  
23 benefits" means the total cost to the employer on an hourly basis for  
24 work performed within the city of Hartford, under a collective  
25 bargaining agreement that establishes the prevailing rate of wages, of  
26 providing health, welfare and retirement benefits, including, but not  
27 limited to, (A) medical, surgical or hospital care benefits; (B) disability  
28 or death benefits; (C) benefits in the event of unemployment; (D)  
29 pension benefits; (E) [vacation, holiday and personal leave; (F)] training  
30 benefits; and [(G)] (F) legal service benefits, and may include payment  
31 made directly to employees, payments to purchase insurance and the  
32 amount of payment or contributions paid or payable by the employer  
33 on behalf of each employee to any employee benefit fund; (7) "employee  
34 benefit fund" means any trust fund established by one or more  
35 employers and one or more labor organizations or one or more other  
36 third parties not affiliated with such employers to provide, whether  
37 through the purchase of insurance or annuity contracts or otherwise,  
38 benefits under an employee health, welfare or retirement plan, but does  
39 not include any such fund where the trustee or trustees are subject to  
40 supervision by the Banking Commissioner of this state or of any other  
41 state, or the Comptroller of the Currency of the United States or the  
42 Board of Governors of the Federal Reserve System; [and] (8) "benefits  
43 under an employee health, welfare or retirement plan" means one or  
44 more benefits or services under any plan established or maintained for  
45 employees or their families or dependents, or for both, including, but  
46 not limited to, medical, surgical or hospital care benefits, benefits in the  
47 event of sickness, accident, disability or death, benefits in the event of  
48 unemployment, retirement benefits, vacation and paid holiday benefits,

49 legal service benefits or training benefits; and (9) "paid leave" means any  
50 leave in which an employee is paid while such employee is on vacation,  
51 holiday or personal leave other than leave provided by federal, state or  
52 local law.

53 (b) On and after July 1, [2000] 2023, the wages paid to an employee  
54 on an hourly basis and paid leave provided to any employee of a  
55 required employer in the provision of food, building, property or  
56 equipment services provided to the state pursuant to a contract or  
57 agreement with the state or any state agent, shall be at a rate not less  
58 than the standard rate determined by the Labor Commissioner pursuant  
59 to subsection (g) of this section. A required employer shall not be  
60 required to ensure that an employee uses the entirety of the paid leave  
61 provided.

62 (c) Any required employer or agent of such employer that violates  
63 subsection (b) of this section shall pay a civil penalty in an amount not  
64 less than two thousand five hundred dollars but not more than five  
65 thousand dollars for each offense. A violation of the standard rate of  
66 wages is when, during any pay period, an employee is paid at a rate less  
67 than that required by this section. The contracting department of the  
68 state that has imposed such civil penalty on the required employer or  
69 agent of such employer shall, within two days after taking such action,  
70 notify the Labor Commissioner, in writing, of the name of the employer  
71 or agent involved, the violations involved and steps taken to collect the  
72 fine.

73 (d) The Labor Commissioner may make complaint to the proper  
74 prosecuting authorities for the violation of any provision of subsection  
75 (b) of this section.

76 (e) For the purpose of predetermining the standard rate of covered  
77 wages on an hourly basis and the standard rate for paid leave, the Labor  
78 Commissioner shall establish classifications for all hourly  
79 nonsupervisory employees based on the applicable occupation codes  
80 and titles set forth in the federal Register of Wage Determinations under  
81 the McNamara-O'Hara Service Contract Act of 1965, 41 USC [351] 6701,

82 et seq., provided the Labor Commissioner shall classify any individual  
83 employed on or before July 1, 2009, as a grounds maintenance laborer  
84 or laborer as a janitor, and shall classify any individual hired after July  
85 1, 2009, performing the duty of grounds maintenance laborer, laborer or  
86 janitor as a light cleaner, heavy cleaner, furniture handler or window  
87 cleaner, as appropriate. The Labor Commissioner shall then determine  
88 the standard rate of wages for each classification of hourly  
89 nonsupervisory employees which shall be (1) the prevailing rate of  
90 wages paid to employees in each classification, or if there is no such  
91 prevailing rate of wages, the minimum hourly wages set forth in the  
92 federal Register of Wage Determinations under the McNamara-O'Hara  
93 Service Contract Act, plus (2) the prevailing rate of benefits paid to  
94 employees in each classification, or if there is no such prevailing rate of  
95 benefits, a thirty per cent surcharge on the amount determined in  
96 subdivision (1) of this subsection to cover the cost of any health, welfare  
97 and retirement benefits, other than those otherwise required by federal,  
98 state or local law, or, if no such benefits are provided to the employees,  
99 an amount equal to thirty per cent of the amount determined in  
100 subdivision (1) of this section, which shall be paid directly to the  
101 employees. [The standard rate of wages for any employee entitled to  
102 receive such rate on or before July 1, 2009, shall not be less than the  
103 minimum hourly wage for the classification set forth in the federal  
104 Register of Wage Determinations under the Service Contract Act plus  
105 the prevailing rate of benefits for such classification for as long as that  
106 employee continues to work for a required employer.] The standard rate  
107 of paid leave shall be the greater of the paid leave provided under (A)  
108 the McNamara-O'Hara Service Contract Act of 1965, 41 USC 6701 et seq.,  
109 or (B) the collective bargaining agreement covering the largest number  
110 of hourly nonsupervisory employees employed within Hartford  
111 County in each classification established by the Labor Commissioner  
112 under this subsection, provided the collective bargaining agreement  
113 covers not fewer than five hundred employees in the classification.

114 (f) Required employers with employees covered by collective  
115 bargaining agreements which call for wages, [and] benefits and paid  
116 leave that are reasonably related to the standard rate of wages and paid

117 leave shall not be economically disadvantaged in the bidding process,  
118 provided the collective bargaining agreement was arrived at through  
119 arms-length negotiations.

120 (g) The Labor Commissioner shall, in accordance with subsection (e)  
121 of this section, determine the standard rate of wages for each  
122 classification on an hourly basis and the standard rate of paid leave  
123 provided for each classification where any covered services are to be  
124 provided, and the state agent empowered to let such contract shall  
125 contact the Labor Commissioner at least ten days prior to the date such  
126 contract will be advertised for bid, to ascertain the standard rate of  
127 wages and paid leave and shall include the standard rate of wages on  
128 an hourly basis and the standard rate of paid leave provided for all  
129 classifications of employment in the proposal for the contract. The  
130 standard rate of wages on an hourly basis and the standard rate of paid  
131 leave provided shall, at all times, be considered the minimum rate for  
132 the classification for which it was established. Each required employer  
133 shall contact the Labor Commissioner on or before September first of  
134 each year for the duration of such contract to ascertain the standard  
135 wages and paid leave to be provided each year and shall make any  
136 necessary adjustments on or before October first, annually.

137 (h) Where a required employer is awarded a contract to perform  
138 services that are substantially the same as services that have been  
139 rendered under a predecessor contract, such required employer shall  
140 retain, for a period of ninety days, all employees who had been  
141 employed by the predecessor to perform services under such  
142 predecessor contract, except that the successor contract need not retain  
143 employees who worked less than fifteen hours per week or who had  
144 been employed at the site for less than sixty days. During such ninety-  
145 day period, the successor contract shall not discharge without just cause  
146 an employee retained pursuant to this subsection. If the performance of  
147 an employee retained pursuant to this subsection or section 4a-82 is  
148 satisfactory during the ninety-day period, the successor contractor shall  
149 offer the employee continued employment for the duration of the  
150 successor contract under the terms and conditions established by the

151 successor contractor, or as required by law. The provisions of this  
152 subsection shall not apply to any contract covered by section 31-57g or  
153 subsections (n) and (o) of section 4a-82.

154 (i) Each required employer subject to the provisions of this section  
155 shall (1) keep, maintain and preserve such records relating to the wages  
156 and hours worked and paid leave taken by each employee and a  
157 schedule of the occupation or work classification at which each person  
158 is employed during each work day and week in such manner and form  
159 as the Labor Commissioner establishes to assure the proper payments  
160 and paid leave due to such employees, [and] (2) annually or upon  
161 written request, submit to the contracting state agent a certified payroll  
162 which shall consist of a complete copy of such records accompanied by  
163 a statement signed by the employer which indicates that (A) such  
164 records are correct, (B) the rate of wages paid to each employee is not  
165 less than the standard rate of wages required by this section, (C) such  
166 employer has complied with the provisions of this section, [and] (D)  
167 such employer is aware that filing a certified payroll which it knows to  
168 be false is a class D felony for which such employer may be fined not  
169 more than five thousand dollars or imprisoned not more than five years,  
170 or both, and (E) the rate of paid leave provided to each employee is not  
171 less than the standard rate of paid leave required by this section, and (3)  
172 not later than the first day upon which work is required to be performed  
173 under the contract, and for the duration of the contract, post in a  
174 prominent and accessible place a poster stating (A) the standard rate of  
175 wages and paid leave owed to employees under this section, (B)  
176 employee rights and remedies for a violation of this section, and (C) the  
177 contact information of the Labor Commissioner. The Labor  
178 Commissioner shall develop a suitable poster containing the  
179 information described in subdivision (3) of this subsection and provide  
180 such poster to required employers. The Labor Commissioner shall post  
181 its determinations of the corresponding standard rates for each  
182 classification on its Internet web site. Notwithstanding the provisions of  
183 section 1-210, the certified payroll shall be considered a public record  
184 and every person shall have the right to inspect and copy such record in  
185 accordance with the provisions of section 1-212. The provisions of

186 subsections (a) and (b) of section 31-59, section 31-66 and section 31-69  
187 which are not inconsistent with the provisions of this section shall apply.  
188 Any person who files a false certified payroll in violation of subdivision  
189 (2) of this subsection shall be guilty of a class D felony for which such  
190 person may be fined not more than five thousand dollars or imprisoned  
191 not more than five years, or both.

192 (j) This section shall not apply to contracts, agreements or grants  
193 which do not exceed forty-nine thousand nine hundred ninety-nine  
194 dollars per annum.

195 (k) [On receipt of a complaint for nonpayment of the standard rate of  
196 wages,] Any employee or group of employees and their designated  
197 representatives alleging nonpayment of the standard rate of wages or  
198 failure to provide the standard rate of paid leave may bring a complaint  
199 to the Labor Commissioner. The Labor Commissioner, the Director of  
200 Wage and Workplace Standards and wage enforcement agents of the  
201 Labor Department shall have power to enter, during usual business  
202 hours, the place of business or employment of any employer to  
203 determine compliance with this section, and for such purpose may  
204 examine payroll and other records and interview employees, call  
205 hearings, administer oaths, take testimony under oath and take  
206 depositions in the manner provided by sections 52-148a to 52-148e,  
207 inclusive. The commissioner or the director, for such purpose, may issue  
208 subpoenas for the attendance of witnesses and the production of books  
209 and records. Any required employer, an officer or agent of such  
210 employer, or the officer or agent of any corporation, firm or partnership  
211 who wilfully fails to furnish time and wage records as required by law  
212 to the commissioner, the director or any wage enforcement agent upon  
213 request or who refuses to admit the commissioner, the director or such  
214 agent to a place of employment or who hinders or delays the  
215 commissioner, the director or such agent in the performance of any  
216 duties in the enforcement of this section shall be fined not less than  
217 twenty-five dollars nor more than one hundred dollars, and each day of  
218 such failure to furnish time and wage records to the commissioner, the  
219 director or such agent shall constitute a separate offense, and each day

220 of refusal of admittance, of hindering or of delaying the commissioner,  
221 the director or such agent shall constitute a separate offense.

222 (l) Notwithstanding subsection (j) of this section, any employer that  
223 pays the state for a franchise to provide food preparation or service, or  
224 both, for the state shall be required to certify that the wages and benefits  
225 paid and paid leave provided to its employees are not less than the  
226 standard rate established pursuant to this section, provided, if no  
227 prevailing rate of wages or benefits was in effect at the time the state  
228 entered into a franchise agreement, then the employer shall not be  
229 required to pay the prevailing rate of wages or benefits or provide paid  
230 leave during the life of the agreement, unless the agreement is amended,  
231 extended or renewed.

232 (m) The Labor Commissioner may adopt regulations, in accordance  
233 with chapter 54, to carry out the provisions of this section.

234 (n) The provisions of this section and any regulation adopted  
235 pursuant to subsection (m) of this section shall not apply to any contract  
236 or agreement entered into before July 1, 2000.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2023	31-57f

**LAB**      *Joint Favorable*



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 24 \$	FY 25 \$
Resources of the General Fund	GF - Potential Revenue Gain	Minimal	Minimal
Various State Agencies	Various - Potential Cost	See Below	See Below

Note: Various=Various; GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill, which requires contractors covered by the standard wage law to offer a standard rate of paid leave and expands associated civil penalties for violations, results in a potential cost to the state and a potential minimal revenue gain from civil penalties to the extent there are violations found.<sup>1</sup>

To the extent the bill results in additional costs for contractors on covered state contracts there is a potential cost to the state, the magnitude of which is dependent on the size and scope of those contracts. There is no fiscal impact to municipalities as the bill's provisions pertain only to businesses that contract with state agencies.

**The Out Years**

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

<sup>1</sup> The bill specifies that each pay period in which an employee is not paid the required standard wage rate is a separate offense, subject to a \$2,000 to \$5,000 fine.

**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)