OFFICE OF FISCAL ANALYSIS

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sSB-137
AN ACT CONCERNING GAS, ELECTRIC, SEWER AND WATER DELIVERY WORK.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 $	FY 26 $
Labor Dept.	GF - Cost	126,426	159,235
State Comptroller - Fringe Benefits[1]	GF - Cost	44,313	59,084
Labor Dept.	GF - Potential Revenue Gain	See Below	See Below
Judicial Dept. (Probation); Correction, Dept.	GF - Potential Cost	Minimal	Minimal
Resources of the General Fund	GF - Potential Revenue Gain	Minimal	Minimal

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 25 $	FY 26 $
All Municipalities	STATE MANDATE[2] - Cost	Potential	Potential

Explanation

Section 1 requires any contractor who enters into a contract for a public utility project to provide (1) apprenticeship training through an apprenticeship program registered with the Department of Labor

[1]The 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 41.25% of payroll in FY 25.
[2] State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

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(DOL), or (2) a preapprenticeship training program. This does not result in any fiscal impact to DOL as its Office of Apprenticeship Training (OAT) currently has capacity to accommodate the higher employer participation that may result.[3]

Section 2 requires DOL to predetermine the prevailing wage and enforce that contractors pay said wage to any person performing work for public utility projects by issuing citations and fines in the amount of $5,000 per offense. This results in a potential revenue gain for the agency to the extent penalties are issued and paid. Since the bill generally applies to these public utility projects the same enforcement and record keeping requirements as the public works prevailing wage law, this would result in a workload increase to DOL's Wage and Workplace Standards Division (WWSD). Such workload increase would require the division to hire (a) one wage enforcement agent ($91,634 salary, $37,799 fringe benefits, $9,500 overhead) and (b) one clerical staff ($51,600 salary, $21,285 fringe benefits, $9,500 overhead).

Section 3 expands an existing class D felony related to filing certified payroll, which results in a potential cost to the Department of Correction and the Judicial Department for incarceration or probation and a potential revenue gain to the General Fund from fines. On average, the marginal cost to the state for incarcerating an offender for the year is $3,300[4] while the average marginal cost for supervision in the community is less than $800 each year for adults and $1,000 each year for juveniles. Since FY 14, 90 offenses have been recorded for similar violations and no revenue has been collected for fines. Few, if any, violations are anticipated in the future.

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[3] There are currently over 1,700 employer sponsors registered with the OAT.

[4] Inmate marginal cost is based on increased consumables (e.g., food, clothing, water, sewage, living supplies, etc.). This does not include a change in staffing costs or utility expenses because these would only be realized if a unit or facility opened.

Probation marginal cost is based on services provided by private providers and only includes costs that increase with each additional participant. This does not include a cost for additional supervision by a probation officer unless a new offense is anticipated to result in enough additional offenders to require additional probation officers.

Additionally, there is a potential cost to municipalities beginning in FY 25 associated with an increased cost of projects. The prevailing wage provision may result in a potential cost to municipalities (for the municipal share of the project cost) as there will be increased contractual costs for these projects beginning in 25.

Ratepayer Impact Statement[5]:

The bill requires the payment of prevailing wage for public utility projects resulting in a potential rate increase. This provision will increase some costs for public utilities that will be passed on to ratepayers through the normal rate recovery process.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, number of violations and applicable projects.

[5] The above ratepayer impact will apply to the state and municipalities individually increasing or decreasing cost in line with rates as a whole.