

OFFICE OF FISCAL ANALYSIS

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sSB-1370

AN ACT REQUIRING WORKERS PERFORMING OFF-SITE CUSTOM FABRICATION FOR A PUBLIC WORKS PROJECT TO BE PAID PREVAILING WAGE RATES.

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 26 \$ | FY 27 \$ |
|--|---------------------------|-----------|-----------|
| Labor Dept. | GF - Potential Cost | 104,306 | 102,806 |
| State Comptroller - Fringe Benefits ¹ | GF - Potential Cost | 39,517 | 39,517 |
| Various State Agencies | App Fund - Potential Cost | See Below | See Below |

Note: GF=General Fund; App Fund=All Appropriated Funds

Municipal Impact:

| Municipalities | Effect | FY 26 \$ | FY 27 \$ |
|--------------------|----------------|-----------|-----------|
| All Municipalities | Potential Cost | See Below | See Below |

Explanation

The bill requires workers performing off-site fabrication for a public works project to be paid prevailing wage rates. This could potentially result in a cost to the Department of Labor (DOL), the State Comptroller-Fringe Benefits account, and the state and municipalities as employers.

The cost to DOL and the Comptroller- Fringe Benefits account is dependent on the potential volume of complaints and investigations

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 40.71% of payroll in FY 26.

brought to the Wage and Workplace Standards Division. As a reference, hiring an additional Wage Enforcement Agent would result in a cost to (1) DOL of \$104,306 (\$97,069 for salary and \$7,237 for equipment/overhead) in FY 26 and \$102,806 (\$97,069 for salary and \$5,737 for overhead) in FY 27 and (2) the State Comptroller- Fringe Benefits account of \$39,517 in each FY 26 and FY 27.

Additionally, there is a potential cost to the state and municipalities (for the municipal share of the project cost) as there may be increased contractual costs for these projects beginning in FY 26, to the extent that these projects currently fall below the existing prevailing wage threshold.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the volume of complaints and investigations brought to the Wage and Workplace Standards Division.