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## **OLR Bill Analysis**

### **sSB 358**

#### ***AN ACT CONCERNING THE RETENTION OF SERVICE CONTRACT WORKERS.***

#### **SUMMARY**

This bill requires entities that (1) take over certain service contracts at covered locations, (2) contract out services, or (3) receive property in a sale or transfer, to retain certain service workers from their predecessors for at least 90 days. If the worker's performance is satisfactory during these 90 days, the successor employer must extend them an offer of continued employment either under terms and conditions the successor employer sets or by law. Existing law already gives similar protections to employees performing food and beverage services at Bradley International Airport (BIA) after a contract termination.

The bill imposes responsibilities on the authority (at BIA or other covered locations) that initially awards the contract, the original contractor, and successor employers who have two or more employees. Current law imposes these responsibilities on the authority that initially awards the contract, the original contractor, and successor contractors who have 10 or more employees.

The bill extends existing provisions to the new circumstances covered by the bill, such as those requiring advance notice to (1) a contractor whose contract will be terminated or not renewed, (2) workers, and (3) the union representing the workers.

The bill permits workers who are displaced or terminated in violation of the bill to file a complaint with the labor commissioner (currently BIA workers can sue in court). It requires the labor commissioner to hold a hearing and permits the commissioner to award the employee or service worker back pay, benefits, reinstatement to their former position at their most recent salary and benefit level, and compensatory damages.

The bill also makes conforming and technical changes.

EFFECTIVE DATE: October 1, 2026

### **SCOPE OF THE BILL**

The bill expands the application of the law giving certain job protections to BIA food and beverage workers to contracts for services by service workers at covered locations. Under the bill, a service worker is a person performing certain services under a successor service contract, including:

1. care or maintenance services, including a security guard, front-desk worker, janitor, housekeeper, maintenance employee, concierge, door attendant, building superintendent, grounds maintenance worker, stationary fireman, elevator operator, or window cleaner;
2. passenger-related security services, cargo and in-ramp services, in-terminal passenger and baggage handling, and cleaning services at an airport;
3. food preparation or dietary services at a school, private higher education institution, hospital, nursing home facility, or an institution operated or managed by an assisted living services agency;
4. health care services provided at a hospital, nursing home facility, or an institution operated or managed by an assisted living services agency; and
5. student transportation services.

Under the bill, a service worker is not a person who is (1) a managerial, supervisory, or confidential employee under the federal Fair Labor Standards Act, or (2) engaged to perform services related to a project that requires a permit from a municipality, such as a building, mechanical, plumbing, structural, or electrical project.

The services must be provided at “covered locations,” which are:

1. multifamily residential buildings or complexes with 50 or more units;
2. commercial centers or complexes over 75,000 square feet;
3. municipal office buildings or facilities;
4. electric or natural gas company facilities;
5. public or nonpublic schools;
6. cultural centers or complexes, such as museums, convention centers, arenas, or performance halls;
7. shopping malls or bank branches;
8. industrial sites;
9. pharmaceutical labs;
10. airports or train stations;
11. hospitals, nursing homes, or institutions operated or managed by assisted living services agencies;
12. warehouses, distribution centers, or other facilities that store or distribute general merchandise, refrigerated goods, or other products;
13. private higher education institution campuses;
14. property owned by a carrier (a local or regional school district, educational institution providing elementary or secondary education, someone under contract with them to transport students, or someone primarily transporting people under age 21 for pay) to transport students or related services; and
15. data centers.

***Definitions of Various Medical Facilities***

The bill defines a hospital as an establishment for the lodging, care,

and treatment of people suffering from disease or other abnormal physical or mental conditions. It includes inpatient psychiatric services in general hospitals.

Under the bill, a nursing home facility is any chronic and convalescent nursing home (1) or any rest home with nursing supervision that provides nursing supervision under a medical director 24 hours a day, or (2) that provides skilled nursing care under medical supervision and direction to carry out nonsurgical treatment and dietary procedures for chronic diseases, convalescent stages, acute diseases, or injuries.

The bill defines an assisted living services agency as an agency that provides chronic and stable individuals with nursing services and assistance with activities of daily living. It may have a dementia special care unit or program.

***Awarding Authority***

Existing law defines an awarding authority as any person that awards or enters into a contract to perform food and beverage services at BIA. The bill extends this to anyone who awards or enters into a contract to perform services at a covered location starting October 1, 2026. The bill specifies that the state and federal government are not awarding authorities.

***Successor Employer***

The bill defines a “successor employer” as an employer that has (1) been awarded a successor service contract, (2) purchased or acquired control of a property where employees or service workers were employed at any time during the past 90 days, or (3) an awarding authority that has hired employees or service workers to perform services that are substantially the same as those previously provided under a terminated or nonrenewed service contract.

The bill extends the definitions of successor service contracts and terminated contractors to cover the scope of the circumstances added by the bill.

## **AWARDING AUTHORITY'S RESPONSIBILITIES**

The bill generally extends existing responsibilities of awarding authorities to the new situations covered by the bill. The awarding authority must give advance notice to a contractor whose contract will be terminated or not renewed, the workers, and the union representing them within 15 days of the termination of the service contract, the contracting out of services previously done by the authority, or the sale or transfer of the property (if workers were employed there within the prior 90 days). Under the bill, and existing law for eligible BIA workers, the authority must give the contractor and union the name, address, and telephone number of the successor employer or contractors, if known. The bill requires this notice in writing and posted in a conspicuous place. Under the bill and existing law for eligible BIA workers, authorities must also give new employers information about the workers.

## **RESPONSIBILITIES OF SUCCESSOR EMPLOYERS**

The bill generally extends existing responsibilities of successor employers to the new situations covered by the bill. A successor employer must hand deliver a written employment offer to the workers. It must be written in a language the worker understands. As under current law, it must be delivered by the later of five days before the termination of the original contract or 15 days before the contractor begins to provide service. The bill also requires this notice five days before the sale or transfer of a covered location where whether workers were employed during the previous 90 days. Existing law already requires successor contractors to deliver this written offer to each eligible BIA employee within this timeframe.

The bill, and existing law for eligible BIA workers, specify the notice's content. Among other things, the employer must inform the worker of pay rate, hours (per shift and per week), and benefits it is offering. The notice must (1) describe the worker's rights under the bill, (2) include the employer's name, address, and telephone number; and (3) state that the employee or service worker has 10 days to respond. Under the bill, the notice also must inform workers that they can file a complaint with

the labor commissioner. Current law requires successor contractors to inform BIA employees, in the notice, that they have the right to sue the successor contractor.

Under the bill and existing law for eligible BIA workers, a worker cannot be fired, during a 90-day period, without just cause. The bill gives this protection to workers who were employed during the prior 90 days (for BIA workers it reduces this time frame from the previous six months). As under existing law for BIA workers, the bill requires contractors, during these 90 days, to keep a preferential hiring list of workers eligible for retention that it did not initially retain. (It is not clear which employees or service workers would be affected by this provision.) The contractor must hire additional employees or service workers, if needed, from this list.

Under the bill and existing law for BIA workers, the contractor may determine at any time that it needs fewer employees or service workers than the terminated contractor had and can lay them off. In doing so, it must retain employees by seniority within each job class, based on an employee's total length of service at the affected site.

The bill eliminates a provision applicable to BIA workers that a successor contractor is not required to retain employees with attendance and performance records under the prior contract that would lead a reasonably prudent employer to terminate them.

### **REMEDIES FOR A DISPLACED EMPLOYEE OR SERVICE WORKER**

Under the bill, a worker displaced or terminated in violation of the above provisions can file a complaint with the labor commissioner, who must hold a hearing on receipt of the complaint. It requires the labor commissioner to send each party a written copy of her decision after the hearing. If the commissioner decides that the awarding authority, terminated contractor, or successor employer has violated the above provisions, she may award the employee or service worker back pay, benefits, reinstatement to their former position at their most recent salary and benefit level, and compensatory damages.

As under existing law for BIA workers, the bill requires that back pay be based on at least the higher of (1) the worker's regular pay rate for their last year on the job (their last four months on the job if they were employed for less than one year), or (2) their final regular rate of pay on their last day.

Under the bill, an aggrieved party can appeal the labor commissioner's decision to the Superior Court.

The bill eliminates current law which permits (1) a BIA employee to bring suit in Superior Court and (2) courts to award back pay, reasonable attorney fees, and costs if the aggrieved employee prevails.

As under current law for eligible BIA workers, these provisions do not limit a worker's right to file suit against the awarding authority, terminated contractor, or successor employer for wrongful termination under common law.

Under the bill, an awarding authority, terminated contractor, or successor employer who violates the above provisions must pay a penalty of \$500 per employee or service worker for each day the violation continues. This replaces current law, which requires an awarding authority or contractor in violation of these provisions related to BIA workers to pay a penalty of \$100 per employee for each day the violation continues.

## **BACKGROUND**

### ***Related Bill***

sHB 5003 (§ 10), favorably reported by the Labor and Public Employees Committee, has an identical provision on the retention of service contract workers.

## **COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 9      Nay 4      (03/17/2026)