

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

sSB-358

AN ACT CONCERNING THE RETENTION OF SERVICE CONTRACT WORKERS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Labor Dept.	GF - Cost	86,681	112,907
Labor Dept.	GF - Potential Revenue Gain	See Below	See Below
State Comptroller - Fringe Benefits ¹	GF - Cost	32,179	42,906

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 27 \$	FY 28 \$
All Municipalities; Local and Regional School Districts	Potential Cost	Potential Cost	Potential Cost

Explanation

The bill expands existing worker retention requirements to include a broader range of service contracts and covered locations. This results in (1) a cost to the Department of Labor (DOL) of \$86,681 in FY 27 (partial year cost) and \$112,907 in FY 28, (2) a cost to the State Comptroller-Fringe Benefits account of \$32,179 (partial year cost) and \$42,906 in FY 28, (3) a potential revenue gain to the DOL, and (4) a potential cost to municipalities and districts.

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 41.82% of payroll in FY 27.

State Impact:

The bill changes how complaints are currently handled by allowing employees to file complaints with the DOL and requiring the agency to hold hearings instead of bringing action to the Superior Court². To accommodate this change, the agency would need to hire one additional staff attorney for its Legal Division (annualized cost of \$102,597 for salary, \$10,311 for overhead, and \$42,906 for fringe benefits).

Additionally, the bill increases penalties for violations from up to \$100 to up to \$500 per employee or service worker for each day the violation continues. This results in a potential revenue gain to the DOL to the extent violations are found and penalties are paid.

Municipal Impact:

The bill requires certain vendors providing contracted services to municipalities and school districts to retain their predecessors' employees for at least 90 days. This results in a potential cost to municipalities and districts, beginning in FY 27, associated with increased personnel and vendor costs. The potential cost to a municipality or district depends on the terms of existing and future contracts, and the terms of a contract that a municipality or district would have entered into in the absence of the bill's provisions.

There is also a potential cost to municipalities and districts associated with violating the provisions of the bill including: (1) making backpay or compensatory damage payments if the DOL determines the municipality or district violated the terms of the bill; and (2) a penalty of up to \$500 per day per worker for which the provisions of the bill were violated. The cost to a municipality or district depends on the violation of the bill's provisions and DOL's ruling in a hearing.

² The court system disposes of over 250,000 cases annually and any decrease in cases as a result of the bill is not anticipated to be great enough to result in savings.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, violations, and penalties collected.