



Agency Legislative Proposal - 2015 Session

Document Name (e.g. OPM1015Budget.doc; OTG1015Policy.doc):

DOL930TechnicalWageBoards

(If submitting an electronically, please label with date, agency, and title of proposal – 092611_SDE_TechRevisions)

State Agency: Department of Labor

Liaison: Marisa Morello

Phone: (860) 263-6502

E-mail: Marisa.morello@ct.gov

Lead agency division requesting this proposal: Wage and Workplace Standards

Agency Analyst/Drafter of Proposal: Jennifer Devine

Title of Proposal

AAC Technical and Other Changes to the Labor Department Statutes

Statutory Reference 31-58(b) and 31-63

Proposal Summary

In 2013, several statutes referencing the Wage Board were repealed as obsolete. For consistency, the two remaining references to the Wage Board (which were inadvertently omitted in the previous legislation) should also be repealed.

Please attach a copy of fully drafted bill (required for review)

PROPOSAL BACKGROUND

- **Reason for Proposal**

Please consider the following, if applicable:

- (1) *Have there been changes in federal/state/local laws and regulations that make this legislation necessary?* No
- (2) *Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)?* Unknown
- (3) *Have certain constituencies called for this action?* No
- (4) *What would happen if this was not enacted in law this session?* The statutes would make reference to a Wage Board that does not exist.

- **Origin of Proposal**

X **New Proposal**

Resubmission



If this is a resubmission, please share:

- (1) What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package?
- (2) Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?
- (3) Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?
- (4) What was the last action taken during the past legislative session?

PROPOSAL IMPACT

- **Agencies Affected** (please list for each affected agency)

Agency Name: N/A

Agency Contact (name, title, phone):

Date Contacted:

Approve of Proposal ___ YES ___ NO ___ Talks Ongoing

Summary of Affected Agency's Comments

Will there need to be further negotiation? ___ YES ___ NO

- **Fiscal Impact** (please include the proposal section that causes the fiscal impact and the anticipated impact)

Municipal (please include any municipal mandate that can be found within legislation)

None

State

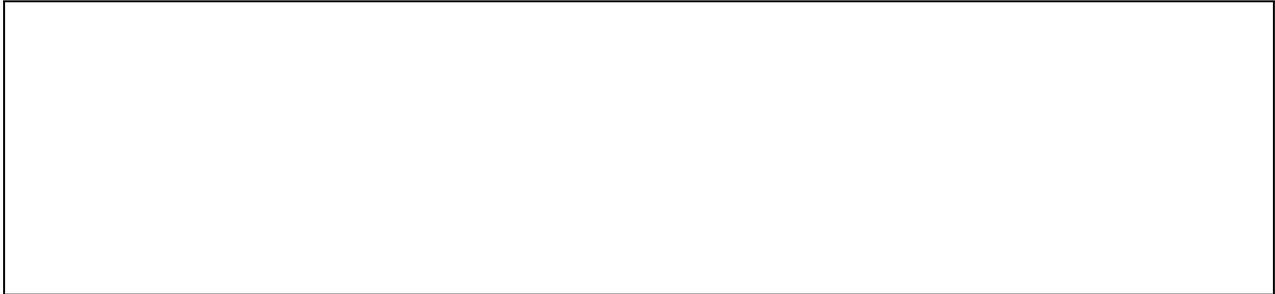
Federal

None

Additional notes on fiscal impact

- **Policy and Programmatic Impacts** (Please specify the proposal section associated with the impact)

In 2013, several statutes referencing the Wage Board were repealed as obsolete. For consistency, the two remaining references to the Wage Board (which were inadvertently omitted in the previous legislation) should also be repealed.



Sec. 1. Sections 31-58(b) and 31-63 of the general statutes are repealed. (*Effective from passage*)



Agency Legislative Proposal - 2015 Session

Document Name (e.g. OPM1015Budget.doc; OTG1015Policy.doc):

DOL930TechnicalSTEPUP

(If submitting an electronically, please label with date, agency, and title of proposal – 092611_SDE_TechRevisions)

State Agency: Department of Labor

Liaison: Marisa Morello

Phone: 860 263 6502

E-mail: Marisa.morello@ct.gov

Lead agency division requesting this proposal: Executive Administration

Agency Analyst/Drafter of Proposal: Heidi Lane

Title of Proposal

AAC Technical Changes to the STEP UP Program

Statutory Reference

31-3pp and 31-3uu

Proposal Summary The Department of Labor proposes to amend CGS §§ 31-3pp and 31-3uu to clarify which employers are eligible to apply for STEP-UP and Vet STEP-UP funds and how they are to use the funds, as well as DOL's role in monitoring the program. Further, the term "pre-apprentice" has been substituted for the term "new apprentice" (Section 3 of PA 14-38). "Pre-apprentice" is defined in 31-51d-2(f) of the Regulations of Connecticut State Agencies. An "apprentice" is a term used in federal law (29 CFR 29) and state law (Section 31-22m *et seq.* and corresponding regulations) to mean a person employed full-time under a written agreement to work at and learn a specific trade. The apprentice must work for not less than two thousand hours in approved trade training consistent with recognized requirements established by industry or joint labor-industry practice and for the number of hours of related and supplemental instructions. To use the term "apprentice" in the STEP UP program is confusing as the intent is to permit these individuals to work part-time while going to school. The only provision that allows for an apprentice to work part-time while going to school under federal and state law is that of a "pre-apprentice." Therefore, changing the term "new apprentice" to "pre-apprentice" permits such part-time work. DOL believes that clearer parameters will enable STEP-UP to better serve the individuals and employers the program is intended to assist.



Please attach a copy of fully drafted bill (required for review)

PROPOSAL BACKGROUND

- Reason for Proposal

Please consider the following, if applicable:

- (5) Have there been changes in federal/state/local laws and regulations that make this legislation necessary? Sec. 3 of PA 14-38
- (6) Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)? unknown
- (7) Have certain constituencies called for this action? No
- (8) What would happen if this was not enacted in law this session? There would continue to be confusion concerning the STEP UP programs.

- Origin of Proposal New Proposal Resubmission

If this is a resubmission, please share:

- (5) What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package? **This was not in DOL's legislative package.**
- (6) Have there been negotiations/discussions during or after the previous legislative session to improve this proposal? No
- (7) Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?
- (8) What was the last action taken during the past legislative session? **Uncalled amendment in 2014 session. The provision concerning "new apprentice" was not in the uncalled amendment and was not our bill.**

PROPOSAL IMPACT

- Agencies Affected (please list for each affected agency)

Agency Name: NA Agency Contact (name, title, phone): Date Contacted: Approve of Proposal <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> Talks Ongoing
Summary of Affected Agency's Comments
Will there need to be further negotiation? <input type="checkbox"/> YES <input type="checkbox"/> NO

- Fiscal Impact (please include the proposal section that causes the fiscal impact and the anticipated impact)



Municipal (please include any municipal mandate that can be found within legislation) None
State None
Federal None
Additional notes on fiscal impact

- **Policy and Programmatic Impacts** (Please specify the proposal section associated with the impact)

31-3pp(a)(2) and 31-3uu(a)(2) – add language to clarify that eligible businesses do not include the state or a political subdivision. Original statute was meant to apply to small businesses, not government.

31-3pp(b)(3) and 31-3uu(b)(3) – clarify language that the appropriated funds are to be spent in the appropriated fiscal year (not 2013 as the statute currently reads – this will be outdated). Add language that specifically provides for the Department of Labor’s monitoring of the outside consultants and workforce investment boards operating the STEP-UP programs. This language will ensure that the Department can verify that funds are being expended as intended and in compliance with the statute.

31-3pp(c)(1) and 31-3uu(a)(5)– add language to clarify that a new employee hired pursuant to the STEP-UP program shall not displace workers already working for the employer. This language will clarify the intent of the program to assist employers with hiring additional workers.

31-3pp(e) – change “new apprentice” to “pre-apprentice” to avoid confusion.

Section 1. Section 31-3pp of the general statutes is repealed and the following is substituted in lieu thereof:

(a) For purposes of this section:

(1) "Department" means the Labor Department;

(2) "Eligible small business" means a business that (A) employed not more than one hundred full-time employees on at least fifty per cent of its working days during the



preceding twelve months, (B) has operations in Connecticut, (C) has been registered to conduct business for not less than twelve months, and (D) is in good standing with the payment of all state and local taxes[;] . "Eligible small business" shall not include the state or any political subdivision thereof;

(3) "Control", with respect to a corporation, means ownership, directly or indirectly, of stock possessing fifty per cent or more of the total combined voting power of all classes of the stock of such corporation entitled to vote. "Control", with respect to a trust, means ownership, directly or indirectly, of fifty per cent or more of the beneficial interest in the principal or income of such trust. The ownership of stock in a corporation, of a capital or profits interest in a partnership, limited liability company or association or of a beneficial interest in a trust shall be determined in accordance with the rules for constructive ownership of stock provided in Section 267(c) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, other than paragraph (3) of said Section 267(c);

(4) "Related person" means (A) a corporation, limited liability company, partnership, association or trust controlled by the eligible small business, (B) an individual, corporation, limited liability company, partnership, association or trust that is in control of the eligible small business, (C) a corporation, limited liability company, partnership, association or trust controlled by an individual, corporation, limited liability company, partnership, association or trust that is in control of the eligible small business, or (D) a member of the same controlled group as the eligible small business;

(5) "Eligible small manufacturer" means an eligible small business described in sectors 31 to 33, inclusive, of the North American Industry Classification System, that employed not more than one hundred employees on at least fifty per cent of its working days during the preceding twelve months.

(b) (1) There is established within the Labor Department a Subsidized Training and Employment program for eligible small businesses and eligible small manufacturers. Said program shall provide grants to such businesses and manufacturers to subsidize, for the first one hundred eighty calendar days after a person is hired, a part of the cost of employment, including any costs related to training. No such business or manufacturer receiving a grant under this section with respect to a new employee or newly hired person may receive a second grant under this section with respect to the same new employee or newly hired person.

(2) At the discretion of the Labor Commissioner, the department may use up to four per cent of any funds allocated pursuant to section 5 of public act 11-1 of the October special



session for the purpose of retaining outside consultants or the Workforce Investment Boards to operate the Subsidized Training and Employment program.

(3) [In fiscal year 2013,] At the discretion of the Labor Commissioner, the department may use up to four per cent of any funds allocated pursuant to section 5 of public act 11-1 of the October special session in [said] each fiscal year for the purpose of the marketing, monitoring and operation of the Subsidized Training and Employment program. The department shall monitor, on a schedule determined by the Labor Commissioner, the outside consultants or workforce investment boards that operate the Subsidized Training and Employment program.

(c) (1) An eligible small business may apply to the department for a grant to subsidize on-the-job training and compensation for a new employee, where "new employee" means a person who (A) was unemployed immediately prior to employment, regardless of whether such person collected unemployment compensation benefits as a result of such unemployment, (B) is a resident of a municipality that has (i) an unemployment rate that is equal to or higher than the state unemployment rate as of September 1, 2011, or (ii) a population of eighty thousand or more, and (C) has a family income equal to or less than two hundred fifty per cent of the federal poverty level, adjusted for family size. "New employee" does not include a person who was employed in this state by a related person with respect to the eligible small business during the prior twelve months or a person employed on a temporary or seasonal basis by a retailer, as defined in section 42-371. No small business shall be eligible for a grant to subsidize on-the-job training and compensation for a new employee pursuant to the provisions of this section if such new employee is hired to replace a worker currently employed by such small business.

(2) Grants to eligible small businesses under the Subsidized Training and Employment program shall be in the following amounts: (A) For the first thirty calendar days a new employee is employed, one hundred per cent of an amount representing the hourly wage of such new employee, exclusive of any benefits, but in no event shall such amount exceed twenty dollars per hour; (B) for the thirty-first to ninetieth, inclusive, calendar days, seventy-five per cent of such amount; (C) for the ninety-first to one hundred fiftieth, inclusive, calendar days, fifty per cent of such amount; and (D) for the one hundred fifty-first to one hundred eightieth, inclusive, calendar days, twenty-five per cent of such amount. Grants shall be cancelled as of the date the new employee leaves employment with the eligible small business.

(d) (1) An eligible small manufacturer may apply to the department for a grant to be used to train and compensate persons newly hired by such manufacturer. Any training shall be provided by such manufacturer, and take place on such manufacturer's



premises, but no existing formal training program shall be required. The Labor Commissioner, or said commissioner's designee, shall review and approve such manufacturer's description of the proposed training as part of the application.

(2) Grants awarded to an eligible small manufacturer pursuant to this subsection shall subsidize the costs of training and compensating each person newly hired by such manufacturer. In no event shall a grant exceed the salary of the newly hired person. Maximum amounts of each grant are: For the first full calendar month a newly hired person is employed, up to two thousand five hundred dollars; for the second month, up to two thousand four hundred dollars; for the third month, up to two thousand two hundred dollars; for the fourth month, up to two thousand dollars; for the fifth month, up to one thousand eight hundred dollars; and for the sixth month, up to one thousand six hundred dollars. No grant shall exceed a total amount of twelve thousand five hundred dollars per newly hired person. A grant may be cancelled as of the date such person leaves employment with the eligible small manufacturer.

(e) (1) An eligible small business or eligible small manufacturer may apply to the department for a grant to subsidize on-the-job training for a [new apprentice] pre-apprentice, where ["new apprentice"] "pre-apprentice" means a person, [who is a current student at a public or private high school, preparatory school or institution of higher education] student or minor employed under a written agreement with an apprenticeship program sponsor for a term of training and employment not exceeding 2,000 hours or 24 months. ["New apprentice"] "Pre-apprentice" does not include a person who was employed in this state by a related person with respect to the eligible small business during the prior twelve months or a person employed on a temporary or seasonal basis by a retailer, as defined in section 42-371.

(2) Grants to eligible small businesses or eligible small manufacturers under the Subsidized Training and Employment program shall be in the following amounts: (A) For the first thirty calendar days a [new apprentice] pre-apprentice is employed, one hundred per cent of an amount representing the cost of on-the-job training for a new apprentice, but in no event shall such amount exceed ten dollars per hour; (B) for the thirty-first to ninetieth, inclusive, calendar days, seventy-five per cent of such amount; (C) for the ninety-first to one hundred fiftieth, inclusive, calendar days, fifty per cent of such amount; and (D) for the one hundred fifty-first to one hundred eightieth, inclusive, calendar days, twenty-five per cent of such amount. Grants shall be cancelled as of the date the [new apprentice] pre-apprentice leaves his or her apprenticeship with the eligible small business or eligible small manufacturer.

(f) Not later than July 15, 2012, and annually thereafter, and January 15, 2013, and annually thereafter, the Labor Commissioner shall provide a report, in accordance with



the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding, appropriations, commerce and labor. Said report shall include available data, for the six-month period ending on the last day of the calendar month preceding such report, on (1) the number of small businesses that participated in the Subsidized Training and Employment program established pursuant to subsections (c) and (e) of this section, and the general categories of such businesses, (2) the number of small manufacturers that participated in the Subsidized Training and Employment program established pursuant to subsections (d) and (e) of this section, and the general categories of such manufacturers, (3) the number of individuals that received employment, and (4) the most recent estimate of the number of jobs created or maintained.

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

Sec. 2. Section 31-3uu of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) For purposes of this section:

(1) "Department" means the Labor Department;

(2) "Eligible business" means a business that (A) has operations in Connecticut, (B) has been registered to conduct business for not less than twelve months, and (C) is in good standing with the payment of all state and local taxes. "Eligible business" shall not include the state or any political subdivision thereof;

(3) "Control", with respect to a corporation, means ownership, directly or indirectly, of stock possessing fifty per cent or more of the total combined voting power of all classes of the stock of such corporation entitled to vote. "Control", with respect to a trust, means ownership, directly or indirectly, of fifty per cent or more of the beneficial interest in the principal or income of such trust. The ownership of stock in a corporation, of a capital or profits interest in a partnership, limited liability company or association or of a beneficial interest in a trust shall be determined in accordance with the rules for constructive ownership of stock provided in Section 267(c) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, other than paragraph (3) of said Section 267(c);

(4) "Related person" means (A) a corporation, limited liability company, partnership, association or trust controlled by an eligible business, (B) an individual, corporation, limited liability company, partnership, association or trust that is in control of an



eligible business, (C) a corporation, limited liability company, partnership, association or trust controlled by an individual, corporation, limited liability company, partnership, association or trust that is in control of an eligible business, or (D) a member of the same controlled group as an eligible business;

(5) "New employee" means a person who (A) was unemployed prior to employment with an eligible business, regardless of whether such person collected unemployment compensation benefits as a result of such unemployment, and (B) was a member of the armed forces and was honorably discharged after not less than ninety days of service, unless such person was separated from service earlier because of a service-connected disability rated by the Veterans' Administration. "New employee" does not include a person who was employed in this state by a related person of such eligible business during any of the twelve months prior to employment with the eligible business. No business shall be eligible for a grant to subsidize on-the-job training and compensation for a new employee pursuant to the provisions of this section if such new employee is hired to replace a worker currently employed by such business;

(6) "On-the-job training" means training provided by an eligible business on such business' premise; and

(7) "Armed Forces" means the United States Army, Navy, Marine Corps, Coast Guard and Air Force and any reserve component thereof, including a state National Guard performing duty as provided in Title 32 of the United States Code.

(b) (1) There is established within the Labor Department an Unemployed Armed Forces Member Subsidized Training and Employment program for eligible businesses. Said program shall provide grants to eligible businesses to subsidize, for the first one hundred eighty calendar days after a new employee is hired, part of the cost of on-the-job training and compensation for such new employee, in accordance with subsection (c) of this section. No business receiving a grant under this section with respect to a new employee may receive a second grant under this section or a grant under section 31-3pp with respect to the same new employee.

(2) At the discretion of the Labor Commissioner, the department may use up to four per cent of any funds allocated pursuant to section 31-3vv for the purpose of retaining outside consultants or the Workforce Investment Boards to operate the Unemployed Armed Forces Member Subsidized Training and Employment program.

(3) [In fiscal year 2013,] At the discretion of the Labor Commissioner, the department may use up to four per cent of any funds allocated pursuant to section 31-3vv in [said] each fiscal year for the purpose of the marketing, monitoring and operation of the



Unemployed Armed Forces Member Subsidized Training and Employment program. The department shall monitor, on a schedule determined by the Labor Commissioner, the outside consultants or workforce investment boards that operate the Unemployed Armed Forces Member Subsidized Training and Employment program.

(c) (1) An eligible business may apply to the department for a grant to subsidize on-the-job training and compensation for a new employee hired by such business. The Labor Commissioner, or said commissioner's designee, shall review and approve such business' description of the proposed on-the-job training as part of the grant application.

(2) A grant awarded to an eligible business pursuant to this subsection shall be in the following amount: (A) For the first thirty calendar days a new employee is employed, one hundred per cent of the wage of such new employee, exclusive of any benefits, not to exceed twenty dollars per hour; (B) for the thirty-first to ninetieth, inclusive, calendar days, seventy-five per cent of such amount; (C) for the ninety-first to one hundred fiftieth, inclusive, calendar days, fifty per cent of such amount; and (D) for the one hundred fifty-first to one hundred eightieth, inclusive, calendar days, twenty-five per cent of such amount. A grant shall be cancelled as of the date the new employee leaves employment with the eligible business.

(d) Not later than July 15, 2013, and annually thereafter, and January 15, 2014, and annually thereafter, the Labor Commissioner shall provide a report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding, appropriations, commerce, veterans and labor. Said report shall include available data, for the six-month period ending on the last day of the calendar month preceding such report, on (1) the number of businesses that participated in the Unemployed Armed Forces Member Subsidized Training and Employment program established pursuant to subsection (b) of this section, and the general categories of such businesses, and (2) the number of individuals that received employment under said program.

(e) The Labor Commissioner may adopt regulations in accordance with the provisions of chapter 54 to carry out the provisions of this section. "