

# OFFICE OF FISCAL ANALYSIS

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

HB-6844

## AN ACT CONCERNING PERMANENT PARTIAL DISABILITY BENEFITS AND PENSION OFFSETS.

As Amended by House "A" (LCO 9133)

House Calendar No.: 129

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### ***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:***

Municipalities	Effect	FY 26 \$	FY 27 \$
Various Municipalities	STATE MANDATE <sup>1</sup> - Cost	See Below	See Below

### ***Explanation***

The bill results in a cost to municipalities who offer pensions and retirement plans for employees, officers, and their beneficiaries associated with the changes to certain pension benefit calculations described below.

There is a cost resulting from the elimination of permanent partial disability (PPD) settlement offsets from the pension benefit formula for PPD benefits received on or after July 1, 2025. The cost will be recognized in the annual actuarially determined employer contribution (ADEC) amounts for municipalities' respective pension systems to the extent permitted by collective bargaining.

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<sup>1</sup> 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.

State issued PPD benefits range from \$50 to \$1,191 weekly.<sup>2</sup> Under the bill, municipalities cannot deduct any amount of the awarded PPD benefit from that person's pension benefit. Approximately 5% of the retirees in the Connecticut Municipal Employees Retirement System (CMERS) collect disability benefits.<sup>3</sup> It is unclear to what extent these retirees collected PPD benefits.

Section 1 further increases costs to municipalities offering pensions and retirement systems beginning in FY 26 as it requires the inclusion of temporary total disability and temporary partial disability benefits in pension calculations. This would increase the benefits paid out and the liability for the retirement systems. The cost to municipalities is dependent on the instances where disability benefits that would not otherwise be used in the calculation are now included and the associated benefit differential.

Section 2 requires the Comptroller to conduct a study which does not result in a fiscal impact as the agency can complete this within existing resources.

House “A” eliminates the original bill and its associated fiscal impact, and results in the impacts described above.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future and be reflected in the respective municipality's annual ADEC.

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<sup>2</sup> Sourced from the State of Connecticut Workers' Compensation Commission weekly benefits tables for October 1, 2024 – September 30, 2025.

<sup>3</sup> Connecticut Municipal Employees Retirement System Report of the Actuary on the Valuation Prepared as of June 30, 2024.