

OFFICE OF FISCAL ANALYSIS

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

sSB-1547

AN ACT CONCERNING FUNDING FOR NONPROFITS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Various	GF - Cost	\$60 million	at least \$60 million
Social Services, Dept.	GF - Cost	\$45 million	at least \$45 million
Resources of the General Fund	GF - Revenue Gain	\$17.2 million	at least \$17.2 million

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a significant cost to the state associated with requiring annual increases to non-profit human services provider contracts for salary or payment rates for the employees of such providers and Medicaid rates. The increase is based on any percentage increase in the consumer price index (CPI) for urban wage earners and clerical workers. Based on calendar year 2024, this results in a 2.9% increase in FY 26.

Based on historical increases for human services related providers, the bill is anticipated to result in additional state costs of approximately \$60 million in FY 26 and FY 27. This results in a related federal grants revenue increase of approximately \$17.2 million to reflect the federal share of Medicaid eligible expenditures that are gross funded outside of the Department of Social Services (DSS).

The bill also results in a state cost to DSS of approximately \$45 million in FY 26 and FY 27 based on Medicaid expenditures to non-profit providers.

Primary Analyst: ES
Contributing Analyst(s): LD, LG
Reviewer: RW

5/12/25

If the applicable CPI increases similarly in FY 27, the state will incur additional costs of at least \$105 million with an additional corresponding federal grants revenue gain of at least \$17.2 million.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.