OFFICE OF FISCAL ANALYSIS

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sHB-5003
AN ACT CONCERNING WORKFORCE DEVELOPMENT AND WORKING CONDITIONS IN THE STATE.

As Amended by House "A" (LCO 4985)

House Calendar No.: 258
Senate Calendar No.: 481

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 $	FY 28 $
Connecticut Housing Finance Authority (CHFA)	CHFA - Cost/Revenue Impact	Minimal	Minimal
Connecticut State Colleges and Universities	OF - Cost	50,000	Minimal
Connecticut State Colleges and Universities	OF - Revenue Gain	See Below	See Below
Connecticut State Colleges and Universities	OF - Net Revenue Loss	None	See Below
Department of Administrative Services - Workers' Comp. Claims	WCF - Potential Cost	See Below	See Below
Department of Developmental Services	GF - Potential Cost	At least 180,000	At least 180,000
Department of Revenue Services	GF - Potential Revenue Loss	Minimal	Minimal
Judicial Dept. (Probation); Correction, Dept.	GF - Potential Cost	See Below	See Below
Labor Dept.	GF - Cost	Up to 40,000	Up to 110,000
Labor Dept.	GF - Potential Revenue Gain	See Below	See Below
Military Dept.	GF - Potential Cost	None	224,963
Military Dept.	GF - Cost	50,000	None
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below
Resources of the General Fund	GF - Revenue Gain	58,000	58,000

Primary Analyst: CR 4/29/26
Contributing Analyst(s):
Reviewer: MM

Social Services, Dept.	GF - Revenue Gain	Minimal	Minimal
Social Services, Dept.	GF - Cost	Approximately 182,000	Approximately 182,000
State Comptroller - Fringe Benefits[1]	GF - Cost	34,000/See Below	34,000/See Below
State Comptroller - Fringe Benefits	Various - Potential Cost	Less than 40,000	Less than 40,000
State Comptroller - Fringe Benefits	GF - Potential Cost	None	Up to 89,898
State Comptroller - Fringe Benefits	GF - Potential Cost	At least 75,000	At least 75,000
UConn	OF - Revenue Loss	None	680,000
UConn Health Center	OF - Potential Cost	See Below	See Below
UConn; UConn Health Center	OF - Potential Cost	None	See Below

Note: CHFA=Resources of CHFA; OF=Other Funds; WCF=Workers' Compensation Fund; GF=General Fund; Various=Various Funds

Municipal Impact:

Municipalities	Effect	FY 27 $	FY 28 $
Local and Regional School Districts	STATE MANDATE[2] - Cost	Potential Significant	Potential Significant
Various Municipalities	STATE MANDATE - Potential Cost	See Below	See Below
All Municipalities; Local and Regional School Districts	STATE MANDATE - Potential Cost	Potential	Potential
All Municipalities	Revenue Loss	See Below	See Below
Various Municipalities	Potential Cost	See Below	See Below

[1]The 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.

[2] 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.

Explanation

The bill results in various fiscal impacts to several state agencies and municipalities, as described below.

Section 1, which expands the workers' compensation provided to certain healthcare workers who suffer an injury as the result of an assault, results in a potential cost to the Department of Administrative Services – Worker's Compensation Claims and local and regional school districts beginning in FY 27 to the extent health care workers qualify for the expanded benefits.

The workers' compensation claims of the UConn Health Center (UCHC) are currently covered by the General Fund, up to $3,460,985 annually. To the extent that Section 1 results in UCHC workers' compensation claims exceeding this cap, there is a cost to UCHC that will depend on the amount of claims filed, and associated coverage costs.

Section 4 expands the current prohibition on employment promissory notes to include all employers, regardless of size (under current law, employers with 25 or fewer employees are exempt). This results in a potential minimal revenue gain to the Department of Labor (DOL) to the extent violations occur and penalties are collected from previously exempt employers. Per CGS Sec. 31-69a, the penalty is $300 per violation.

Section 7 results in a potential cost to the Department of Administrative Services – Worker's Compensation Claims and various self-insured municipalities beginning in FY 27 to the extent qualified public works personnel apply for workers' compensation benefits due to the expanded population eligible for such benefits under this section.

Any potential increase in the number of workers' compensation claims resulting from this section is not anticipated to be great enough to result in a fiscal impact to the Workers' Compensation Commission.

Section 8 results in a potential, minimal cost to local and regional

school districts annually beginning in FY 27. The section requires local and regional school districts to hire third party hearing officers for all hearings regarding the termination of a tenured teacher and allows districts to request a copy of the transcript so long as they bear the cost of the copy. Currently either a hearing officer or a board of education subcommittee may conduct the hearing. The cost of the hearings will be shared by all involved parties as under current law.

The cost of the section to a district will vary based on the number of hearings conducted, the rate charged by such officers, whether in the absence of the section the district would have chosen to instead use a subcommittee, and the cost of any requested transcripts. Any cost is expected to be minimal, as such hearings are rare.

Section 9 expands existing worker retention requirements to include a broader range of service contracts and covered locations. This results in (1) a potential revenue gain to the DOL, and (2) a potential cost to municipalities and districts.

State Impact:

This section changes how complaints are currently handled by also allowing employees to file complaints with the DOL. It is anticipated that the agency can accommodate any increases in complaints within existing resources.

Additionally, this section increases penalties for successor employer violations from a maximum of $100 to between $500 and $1,000 per employee for each day the violation continues. It also establishes a penalty for awarding authorities or terminated contractors ranging from $50 to $200 per employee 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:

This section 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 28, 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 section's provisions.

There is also a potential cost to municipalities and districts associated with violating the provisions of this section including: (1) backpay and compensatory damage payments if violations are found; and (2) penalty fees per day per worker for which the provisions of the section were violated. The cost to a municipality or district depends on the violation of the section's provisions.

Section 10 expands eligibility for the "Fallen Hero Fund" to correction officers and investigators, resulting in a potential minimal General Fund revenue loss beginning as early as FY 27.

Benefit payments, which total $100,000 for each qualifying beneficiary, are exempt from the personal income tax under current law. Thus, each additional beneficiary that qualifies under this section would result in a General Fund revenue loss of approximately $4,000.

As under existing law, the surviving family is eligible for health insurance coverage under the state partnership plan, which results in a net neutral fiscal impact to the state or municipalities facilitating coverage as the payments will be reimbursed by the Fallen Hero Fund.

Section 11 extends health insurance coverage under a partnership plan to survivors of unpaid volunteer firefighters killed in the line of duty, resulting in a net neutral fiscal impact to the state and municipalities facilitating coverage as the premium costs will be reimbursed by the Fallen Hero Fund.

Section 12 extends health insurance coverage under the state employee health plan to survivors of unpaid volunteer firefighters, state marshals, correction officers, and investigators who die resulting from

injuries sustained while on duty, resulting in a cost to the State Comptroller – Fringe Benefits of less than $40,000 annually beginning in FY 27 for the cost of medical premiums per qualifying beneficiary to the extent they elect coverage.

Section 14 requires the Department of Emergency Services and Public Protection (DESPP), in conjunction with the Department of Mental Health and Addiction Services, to expand the CRISIS program statewide by January 1, 2027. PA 25-168, the FY 26 and FY 27 Budget, provides funding for DESPP to expand the CRISIS program statewide beginning in FY 27, therefore the agency is expected to meet the requirements of this section within existing resources.

Section 15 allows municipalities not participating in the Connecticut Municipal Employees' Retirement System to create a deferred retirement option plan, resulting in the following potential costs: (1) $50,000 for a feasibility study, (2) $50,000 for an actuarial evaluation within four-years of the plan's inception (as early as FY 27), (3) administration expenses, and (4) employer contributions.

Section 17 results in a cost to DSS of approximately $182,000 in both FY 27 and FY 28 and a related federal grants revenue gain of $58,000 in both years. State costs include $100,000 for fiscal intermediary (FI) contract increases, as well as funding for one full-time Health Program Associate with an approximate annual salary of $82,000 to manage the collection and posting of FI quarterly reports. The Office of the State Comptroller (OSC) will incur at least $34,000 in associated fringe benefit costs.

To the extent DDS is required to assist with data collection, the department will incur staffing costs of at least $180,000 for two Associate Fiscal/Administrative Officer positions (at an annual salary of $90,309 each). The Office of the State Comptroller (OSC) will incur at least $75,000 in associated fringe benefit costs.

Section 26 establishes a two-year pilot program for certified educator externships with private sector employers. This results in a cost to the

State Department of Education (SDE) in both FY 29 and FY 30 related to program development, administration, stipends to participating educators, and grants to employers. The cost is dependent on the provisions of the pilot program, particularly the grant and stipend amount along with the number of participants, and necessary contracts.

Section 32 requires employers to provide reasonable break time for breastfeeding employees. This results in a potential minimal revenue gain to the DOL to the extent violations occur and penalties are collected. Per CGS Sec. 31-69a, the penalty is $300 per violation[3].

Section 34 requires the Department of Public Health (DPH) to administer a grant program to expand certified nursing assistant training programs in the greater Hartford area and rural communities in the state, resulting in an annual cost beginning in FY 27, dependent on funding provided. DPH would award grants to organizations that provide education and training to prospective certified nursing assistants in such areas. To the extent possible, Rural Health Transformation Program federal funding may also be used to aid education and training programs provided in rural communities.

Section 35 requires the Military Department to run an annual job fair, resulting in an estimated annual cost of $50,000 to the Military Department beginning in FY 27 for equipment, supplies, and outreach materials.

This section also establishes several requirements for the DOL related to veteran and military member career support, including a study of models from other states in the region that deploy technology to connect such individuals with prospective employers. This results in a cost of up to $100,000 in FY 28 for the hiring of a consultant to conduct such study.

Section 36 requires the Military Department to increase promotion of and periodically improve its employment assistance program, resulting

[3] According to the agency, no civil penalties have been collected over the past few years.

in a potential cost to the Military Department of up to $224,963 and a potential cost to the State Comptroller of up to $89,898 beginning in FY 28. Depending on the extent to which the department improves and promotes the program and how many transitioning servicemembers participate, the department may need to hire one Program Manager and one Executive Assistant II. Costs of equipment and supplies for these positions are not expected to exceed $10,000 annually.

This section also requires the Military Department to run an annual job fair, resulting in an estimated annual cost of $50,000 in FY 27 for equipment, supplies, and outreach materials.

Section 38, which requires employers with 100 or more employees to create a guide for their employees with the pay codes that the employer uses, results in a potential minimal revenue gain to the DOL to the extent violations occur and fines are paid. Per CGS Sec. 31-69a, the penalty is $300 per violation.

Section 39 establishes a program within DESPP for providing grants to junior firefighter programs run by volunteer fire departments. This results in a potential cost to DESPP to the extent additional resources are necessary to establish and manage the grant program. The amendment does not specify a funding source for the grant program.

Sections 41 - 43 result in potential costs annually beginning in FY 28 to UConn and the UConn Health Center. It requires UConn to: (1) create a salary schedule for members of the UConn police and fire departments that must subsequently be a mandatory subject of collective bargaining; and (2) establish an unspecified education benefit for members of the UConn police and fire departments and their dependents.

Any cost, and the timing of such cost, associated with the amendment's required salary schedule would depend on the provisions of future collective bargaining agreements. UConn employs 71 sworn police officers and 40 firefighters (111 total officers, including UConn Health). The average salary is $72,338 for a UConn police officer and $82,522 for a UConn firefighter.

The cost associated with the amendment's education benefit would depend on the benefit's provisions, and the number of UConn police officers and firefighters (and their dependents) who receive the benefit. As an illustration, if 5% of the 111 total UConn police and firefighters, or their dependents, were to receive a tuition reimbursement in FY 27, the revenue loss would be approximately $94,400.

Sections 44 - 47 create a process for public utility pole users and owners to transfer their wires and equipment from existing poles to replacement poles and then remove double utility poles, which does not result in a cost to the state or municipalities. The amendment also imposes a civil penalty of up to $100 for each day that a utility pole user or owner remains in violation of the amendment's requirements under various circumstances. It is anticipated that this will result in a minimal revenue gain to the Department of Social Services (DSS), which the amendment requires be used to support the Connecticut Energy Assistance Program (commonly known as LIHEAP).

Rate Payer Impact

These sections could potentially achieve savings for electric customers, to the extent it results in costs caused by pole users to be appropriately allocated to those entities, rather than electric distribution companies. The amount of savings is indeterminate and will be based on a number of factors outside the immediate scope of the amendment.

Section 51 changes the process for determining if a paraeducator is eligible to receive unemployment benefits and requires districts to submit information to the DOL for the DOL to make that determination. By changing the process for determining if a paraeducator is eligible for unemployment benefits, the section potentially increases the number of paraeducators who could receive unemployment benefits. This results in costs to local and regional school districts annually beginning in FY 27. Districts are reimbursable employers of the Unemployment Compensation Fund (UCF), which means that they reimburse the UCF dollar-for-dollar for the benefits paid to their former employees. To the extent that more paraeducators receive unemployment benefits as a

result of the amendment, there is a corresponding cost to districts to reimburse the UCF. That cost will vary based on the number of paraeducators receiving benefits, and the total amount of benefits received, and may be significant.

Districts may incur additional one-time costs to purchase or upgrade any software needed to submit information to DOL pursuant to the section's provisions. Any costs will vary based on the manner that DOL prescribes to submit such information.

This section also results in a cost to DOL of $40,000 in FY 27 and $10,000 in FY 28 related to consultant and vendor costs needed to create the technology to securely accept the information that districts must provide to the DOL.

Section 54 creates a new misdemeanor, which results in a potential cost to the Department of Correction and the Judicial Department for incarceration or probation and a potential revenue gain to the General Fund from fines.[4] On average, the marginal cost to the state for incarcerating an offender for the year is $3,300[5] while the average marginal cost for supervision in the community is less than $600[6] each year for adults and $450 each year for juveniles.

Sections 57 - 58 result in a one-time cost of up to $50,000 in FY 27, a revenue gain annually beginning in FY 27, and a minimal cost annually beginning in FY 28 to the Connecticut State Colleges and Universities (CSCU). It requires CSCU, along with UConn, to identify best practices of a high-quality internship and develop a syllabus based on those best practices. It also requires CSCU (via Charter Oak State College) to use

[4] The maximum penalty is $5,000 and/or five years in prison.
[5] Inmate marginal cost is based on increased consumables (e.g., food, clothing, water, sewage, living supplies, etc.). This does not include a change in staffing costs or utility expenses because these expenses would only be realized if a unit or facility opened.
[6] Probation marginal cost is based on services provided by private providers and only includes costs that increase with each additional participant. This does not include a cost for additional supervision by a probation officer unless a new offense is anticipated to result in enough additional offenders to require additional probation officers.

the syllabus to develop an online training course for employers to offer high-quality internships. The amendment does not require UConn to develop an online training course.

As CSCU does not have expertise in developing or maintaining online training courses for high quality internships, it is anticipated that it would need to hire a consultant to assist. This would result in a cost of up to $50,000 in FY 27. There is an additional, minimal cost to CSCU in FY 28, and annually thereafter, to host, maintain, and update the training course as needed.

The amendment allows CSCU to charge course enrollment fees. This results in a revenue gain annually beginning in FY 27 that at least partially offsets the cost of the online training program.

There is no fiscal impact to UConn, as the amendment does not require UConn to develop an online training course.

Section 62 results in a potential revenue loss to municipalities beginning in FY 27 to the extent a municipality chooses to abate all or a portion of property taxes for a surviving domestic partner of certain first responders that meet certain requirements. Any revenue loss is dependent on the number of individuals that qualify and the amount of property taxes a municipality chooses to abate. There is no impact to a municipality that chooses not to implement this optional property tax abatement.

Sections 69 - 70 result in an annual net revenue loss to the Connecticut State Colleges and Universities (CSCU) beginning in FY 28. The sections require CSCU to: (1) waive tuition for up to 200 eligible first responders at the Connecticut State Universities (CSUs) and up to 200 eligible first responders at CT State, and (2) waive mandatory fees for National Guard members who are currently eligible for a tuition waiver.

If 400 eligible first responders received tuition waivers across CSCU (200 at the CSUs and 200 at CT State), the total annual revenue loss would be $2.3 million. To the extent that this tuition waiver results in

increased enrollment at CSCU, the revenue loss is offset by an increase in revenue from fees. The extent of such offsetting revenue gain will depend on the number of first responders who attend CSCU due to the sections' tuition waiver. These sections' tuition waiver provision does not apply to UConn.

The sections result in an additional revenue loss to CSCU of up to $2 million annually beginning in FY 28. This revenue loss is associated with the section's waiver of mandatory fees for members of the National Guard who currently receive a statutory tuition waiver. There are 604 National Guard members receiving tuition waivers at CSCU in FY 26.

Section 71 results in an annual revenue loss of approximately $680,000 beginning in FY 28 for the University of Connecticut. It requires UConn to waive mandatory fees for members of the National Guard who already receive a statutory tuition waiver. There are 173 National Guard members receiving tuition waivers at UConn in FY 26.

Section 72 requires the Connecticut Housing Finance Authority (CHFA) to establish a new program of mortgage assistance for certain first responders, which results in costs to CHFA from the authority's own resources beginning in FY 27 associated with developing and marketing the program.[7]

If CHFA provides first responders with existing first-time homebuyer mortgage products at a reduced interest rate, changes to CHFA's operating revenues are anticipated to be minimal.

Costs or revenue loss for providing other forms of assistance would depend on: (1) the number of first responders assisted and (2) the type of assistance provided. Given the low utilization rate of CHFA's other occupation-specific mortgage assistance programs, this section is not

[7] CHFA is a quasi-public authority that issues its own federally tax-exempt and taxable mortgage revenue bonds. The authority pays its operating expenses using funds derived from the excess of interest income from loans over bond interest expenses.

anticipated to materially change the rate of spending.[8]

Sections not listed above have no fiscal impact on the state or municipalities.

House "A" strikes the underlying bill and its associated fiscal impact resulting in the impact described above.

The Out Years

The annualized fiscal impact identified above would continue into the future, subject to inflation, fluctuations in workers' compensation claim volumes and benefit amounts, the number of violations found and penalties collected, the volume of hearings required for the termination of tenured teachers, instances where covered individuals are killed in the line of duty, the provisions of future collective bargaining agreements, among other factors.

[8] In 2025, CHFA assisted approximately 3,800 first-time homebuyers. Of these buyers, 27 utilized the Teachers Mortgage Assistance Program, 64 utilized the Military Homeownership Program, and 7 utilized the Police Officer Homeownership Program.