

OFFICE OF FISCAL ANALYSIS

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sSB-435

AN ACT CONCERNING AUTOMATED DECISION SYSTEMS PROTECTIONS FOR EMPLOYEES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Department of Administrative Services	GF - Cost	422,000	422,000
Labor Dept.	GF - Cost	286,375	307,166
State Comptroller - Fringe Benefits ¹	GF - Cost	180,385	209,566
Human Rights & Opportunities, Com.	GF - Potential Revenue Gain	Minimal	Minimal
Human Rights & Opportunities, Com.	GF - Potential Cost	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which establishes various requirements for employers using automated employment-related decision processes (AEDP), results in the impacts described below.

Section 8 requires the Department of Labor (DOL) to establish and implement a process for approving independent auditors to conduct bias audits and to maintain a registry of such approved auditors. It also tasks the DOL with approving corrective actions taken by AEDP deployers if disparate impacts are found in such audits. This results in a cost to the (1) DOL of \$236,375 in FY 27 (partial year cost) and \$307,166

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.

in FY 28, and (2) State Comptroller-Fringe Benefits account of \$87,545 in FY 27 (partial year cost) and \$116,726 in FY 28.

The costs identified above reflect the hiring of one research analyst supervisor (annualized cost of \$113,059 for salary, \$11,362 for overhead, and \$47,281 for fringe benefits), one research analyst (annualized cost of \$89,730 for salary, \$9,018 for overhead, and \$37,525 for fringe benefits), and one research associate (annualized cost of \$76,326 for salary, \$7,671 for overhead, and \$31,920 for fringe benefits).

Sections 14 and 15, which add additional requirements regarding the inventory, assessment, procurement, and use of AI by state agencies, result in a cost of \$514,840 to the General Fund in FY 27 and annually thereafter. The costs include \$314,840 in salary and fringe for two new analysts within the Department of Administrative Services (DAS) and \$200,000 in costs related to changes in IT infrastructure and ongoing bias assessments of AI systems.

Section 23 expands the definition of a "discriminatory practice" under the Commission on Human Rights and Opportunities (CHRO) laws to include: (1) failure to disclose use of AEDP in personnel decisions and (2) using AEDP in personnel decisions and discriminating based on protected status, resulting in a potential cost² and potential revenue gain to CHRO beginning in FY 27.

The exact cost and revenue gain will depend on the number of additional CHRO proceedings brought and fines imposed in response to this section. These impacts are expected to be minimal.

Section 24 requires that applications for unemployment benefits include whether the applicant's unemployment is due to the use of an AI system. This results in a one-time cost to the DOL of \$50,000 in FY 27 related to vendor costs needed to make changes to ReEmployCT, the state's unemployment tax and benefits system.

² This cost is associated with additional staff time, materials, and resources required to facilitate additional proceedings.

The bill also (1) adds various requirements for AEDP deployers and employers, (2) makes conforming changes to public employee collective bargaining matters, (3) establishes procedures for related violations, and (4) allows municipal employees, state employees, and public-school teachers to collectively bargain over their employer's use of AI technology. This does not result in any fiscal impact to the state.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, and the proceedings and fines imposed as a result of section 23.