OFFICE OF FISCAL ANALYSIS
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sHB-5003
AN ACT CONCERNING WORKFORCE DEVELOPMENT AND WORKING CONDITIONS IN THE STATE.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 $	FY 28 $
Comptroller	GF - Cost	500,000	None
Education, Dept.	GF - Cost	Up to 500,000	See Below
Social Services, Dept.	GF - Cost	Approximately 182,000	Approximately 182,000
Department of Developmental Services	GF – Potential Cost	At least 180,000	At least 180,000
Labor Dept.	GF - Cost	162,139	310,852
State Comptroller - Fringe Benefits[1]	GF/Various - Cost/Potential Cost	See Below	See Below
Military Dept.	GF - Potential Cost	None	Up to 224,963
Resources of the General Fund	GF - Revenue Gain	58,000	58,000
Department of Veterans' Affairs	GF - Cost	50,000	50,000
University of Connecticut	OF - Revenue Loss	Potential Significant	Potential Significant
Various State Agencies; UConn Health Ctr.	Various - Potential Cost	Potential Significant	Potential Significant
Connecticut State Colleges and Universities	OF - Net Revenue Loss	See Below	See Below
Department of Administrative Services - Workers' Comp. Claims	App Fund - Potential Cost	See Below	See Below
Department of Administrative Services;	GF - 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.

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Reviewer: MM

Department of Emergency Services and Public Protection; Treasurer, Debt Serv.			
Labor Dept.	GF - Potential Revenue Gain	See Below	See Below
Public Health, Dept.	GF - Cost	See Below	See Below
Connecticut Housing Finance Authority (CHFA)	CHFA - Cost/Potential Revenue Impact	Minimal	Minimal
Human Rights & Opportunities, Com.	GF - Potential Cost	Minimal	Minimal
Human Rights & Opportunities, Com.; Labor Dept.; Public Health, Dept.	GF - Potential Revenue Gain	Minimal	Minimal

Note: App Fund=All Appropriated Funds; Various=Various; GF=General Fund; CHFA=Resources of CHFA; OF=Other Funds

Municipal Impact:

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

Explanation

The bill results in the fiscal impacts described below.

Section 1 results in potentially significant costs annually beginning in FY 27 to the UConn Health Center and other state agencies that employ health care providers. It does so by establishing indemnification and hold harmless provisions for these workers. The magnitude is

[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.

dependent on damages awarded and associated legal 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 6 prevents municipal parking violations from being enforced on health care providers when certain requirements are met. This results in a potential revenue loss to municipalities beginning in FY 27 to the extent fewer parking violations are enforced and collected.

Section 8 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 9 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 10 expands existing worker retention requirements to include a broader range of service contracts and covered locations. This results in (1) a cost to the DOL of $86,681 in FY 27 (partial year cost) and $112,907 in FY 28, (2) a cost to the State Comptroller-Fringe Benefits account of $32,179 (partial year cost) and $42,906 in FY 28, (3) a potential revenue gain to the DOL, and (4) a potential cost to municipalities and districts.

<u>State Impact:</u>

This section changes how complaints are currently handled by allowing employees to file complaints with the DOL and requiring the agency to hold hearings instead of bringing action to the Superior Court[3]. To accommodate this change, the agency would need to hire one additional staff attorney for its Legal Division (annualized cost of $102,597 for salary, $10,311 for overhead, and $42,906 for fringe benefits).

Additionally, this section increases penalties for violations from up to $100 to up to $500 per employee or service worker 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.

<u>Municipal Impact:</u>

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 27, 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

[3] The court system disposes of over 250,000 cases annually and any decrease in cases as a result of this section is not anticipated to be great enough to result in savings.

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) making backpay or compensatory damage payments if the DOL determines the municipality or district violated the terms of this section; and (2) a penalty of up to $500 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 and DOL's ruling in a hearing.

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 Officer Fund.

Section 12 extends health insurance coverage under the state employee health plan to survivors of unpaid volunteer firefighters and state marshals 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 13 allows state employees to elect to pay union fees through payroll deductions resulting in a one-time cost to the Office of the State Comptroller of $500,000 in FY 27 for IT costs to update the state's financial system.

Sections 16 – 18 result in a net revenue loss to Connecticut State Colleges and Universities (CSCU) and a significant revenue loss to UConn beginning in FY 27. The sections require the constituent units to waive tuition for a variety of first responders.

First responders who may receive a tuition waiver under the bill's provisions include: (1) paid and volunteer firefighters, sworn state and local police officers, and emergency medical services (EMS) personnel employed (or serving) in Connecticut for at least five years; and (2) any student attending a state fire school. There are an estimated 42,900[4] paid and volunteer firefighters, sworn police officers, and EMS workers in the state. It is unknown how many have been employed or serving in Connecticut for at least five years.

The revenue loss to the constituent units will vary based on the number of first responders who receive a tuition waiver, which could be significant. The table below shows the per student value of a tuition waiver at UConn and CSCU. It also shows what the potential revenue loss would be in FY 27 if an additional 500, 1,000, and 1,500 students received the waiver at each institution.

Examples of Tuition Waiver Value, FY 27			
FY 27 Per Student Value	17,010	6,998	4,608
# Addt'l Students Receiving Waiver	**UConn Est. Revenue Loss $**	**CSUs Est. Revenue Loss $**	**CT State Est. Revenue Loss**
500	8,505,000	3,499,000	2,304,000
1,000	17,010,000	6,998,000	4,608,000
1,500	25,515,000	10,497,000	6,912,000

To the extent that this tuition waiver results in increased enrollment at CSCU, the above described revenue loss is partially 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 bill's tuition waiver. UConn is not anticipated to experience an increase in fee revenue due to this provision.

Section 19 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

[4] This figure does not include students attending a state fire school.

marketing the program.[5]

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, the bill is not anticipated to materially change the rate of spending.[6]

Section 21 requires the Office of the State Fire Marshal (OSFM) to develop, coordinate, and implement a plan to promote the firefighter profession. This results in a potential cost to the Department of Administrative Services dependent upon the size and scope of the promotional campaign implemented by OSFM.

Section 22 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 23 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, (3) administration expenses,

[5] 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.
[6] 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.

and (4) employer contributions.

Section 25 results in a cost to the Department of Social Services (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 the Department of Developmental Services (DDS) is required to assist DSS 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 33 increases the reimbursement rate for some school construction projects if the project includes a technical education space or vocational agricultural center. To the extent projects are found to be eligible for the reimbursement increase and relevant projects are proposed, approved, and completed, there would be increased costs to the state (paid by General Obligation bonds, leading to an increase in General Fund debt service) and increased revenue to involved municipalities. The impact of the increased reimbursements for future projects on the school construction priority list will be reflected when such projects are considered by the legislature in the future.

Section 35 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 28 and FY 29 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 amounts along with the number of participants, and necessary contracts.

Section 37 requires the Labor Commissioner to develop and deliver training on adult education programs and to regional workforce navigators. This results in a cost to the (1) DOL of $75,458 in FY 27 (partial year cost) and $97,945 in FY 28, and (2) State Comptroller-Fringe Benefits account of $27,915 (partial year cost) in FY 27 and $37,220 in FY 28. This cost reflects the hiring of one Program Service Coordinator (annualized cost of $89,000 for salary, $8,945 for overhead, and $37,220 for fringe benefits) to develop and deliver the required trainings.

Section 38 requires SDE to study co-instruction models of teaching which results in a cost to SDE of up to $500,000 in FY 27. It is anticipated SDE will require the additional funding for contracting services related to completing the study by January 1, 2027 as required by the bill.

Sections 39 and 40 prohibit menopause-related employment discrimination, resulting in a potential minimal cost and minimal potential revenue gain to the Commission on Human Rights and Opportunities (CHRO) beginning in FY 27. The sections: (1) expand the definition of a "discriminatory practice" under the CHRO laws to include failure to provide reasonable accommodation for menopause-related conditions, (2) require employers to notify employees of their rights to reasonable accommodation and to be free from menopause-related discrimination, and (3) require CHRO in concert with stakeholders to develop a model workplace policy and educational materials concerning menopause.

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 41 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[7].

Section 43 expands the scope of hospital nurse staffing plan compliance requirements and increases both the frequency[8] and magnitude[9] of civil penalties for related violations, resulting in a potential revenue gain to the General Fund beginning in FY 27. The extent of the revenue gain, if any, is dependent on the number of violations.

Section 44 requires Department of Public Health (DPH) to administer a state-wide certified nursing assistant training grant program, resulting in a 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 the state.

Section 45 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 46 requires the Military Department to increase promotion of and periodically improve its employment assistance program, resulting 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.[10] Costs of equipment and supplies for these

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[7] According to the agency, no civil penalties have been collected over the past few years.
[8] This section constitutes each day of noncompliance as a separate violation, as well as each individual violation of nurse overtime limits.
[9] The section increases associated civil penalties from $3,500 to $5,500 for the first violation, and from $5,000 to $7,500 for each subsequent violation.
[10] The starting salaries for these positions are $98,695 and $116,268, respectively. The total estimated fringe benefits cost for these positions is $89,898.

positions are not expected to exceed $10,000 annually.

Section 47 requires the Department of Veterans Affairs (DVA) to hold an annual "Stand Down" event at multiple locations around the state, which must include a job fair to promote the hiring of current and former members of the armed services, reserves, and National Guard. DVA currently holds six such annual events around the state that include employers and workforce development providers. These events are currently funded through the agency's Institutional General Welfare Fund. Due to the depletion of this fund, it is estimated that DVA will require $50,000 beginning in FY 27 to continue to sponsor "Stand Down" events.

Section 50, which requires employers with 50 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 52 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 bill does not specify a funding source for the grant program.

The sections from the bill that are not mentioned above do not result in any fiscal impact for the state or municipalities.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, enrollment in health insurance coverage subject to instances where state marshals and unpaid volunteer firefighters are killed in the line of duty, the type and amount of CHFA mortgage assistance provided, the number of additional CHRO proceedings and fines imposed, and future appropriations.