

# OFFICE OF FISCAL ANALYSIS

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sHB-5446

## AN ACT CONCERNING TEACHERS' DISABILITY AND RETIREMENT BENEFITS AND PARAEDUCATORS' SALARY AND RETIREMENT CONTRIBUTIONS.

### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Teachers' Retirement Bd.	GF - Cost	160,000	None
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	25,000	None
Policy & Mgmt., Off.	GF - Cost	None	Up to 210.9 million
Comptroller	GF - Cost	18 million	18 million

Note: GF=General Fund

#### **Municipal Impact:**

Municipalities	Effect	FY 27 \$	FY 28 \$
Local and Regional School Districts	STATE MANDATE <sup>2</sup> - Cost	Up to 210.9 million	Up to 210.9 million
Local and Regional School Districts	Revenue Gain	None	Up to 210.9 million
Various Municipalities	STATE MANDATE - Cost	57.9 million	57.9 million

<sup>1</sup>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.

<sup>2</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.

**Explanation**

The bill makes several provisions concerning paraeducators and requires the teachers' retirement board to conduct a study which results in the fiscal impacts described below.

**Section 1** requires a feasibility study of retired teachers' disability and retirement benefits which results in a cost of \$185,000 in FY 27 associated with salary and fringe benefits of approximately, \$60,000 and \$25,000, respectively, for two half-year positions, and a contract with the state's actuary estimated to cost \$100,000.

**Sections 2 and 3** result in a cost of up to \$210.9 million to local and regional boards of education (BOEs) beginning in FY 27 and the Office of Policy and Management (OPM) beginning in FY 28. The cost is associated with establishing a minimum salary of \$45,000 for paraeducators and a corresponding subsidy program administered by OPM. The cost to BOEs is at least partially offset, beginning in FY 28, by a revenue gain.

Section 2 requires new, extended, or amended collective bargaining agreements between BOEs and paraeducators as of July 1, 2026 to establish a minimum salary for full-time paraeducators of \$45,000. Agreements for FY 27 that are finalized before the start of the fiscal year are not subject to the requirement. Section 3 requires OPM to provide a subsidy to BOEs, beginning in FY 28, in an amount equal to the difference between the annual paraeducator salary on July 1, 2026 and the new minimum salary of \$45,000. If a BOE adopts a paraeducator salary of at least \$45,000 on or before July 1, 2026, they will not be eligible for the subsidy through OPM.

The costs to a BOE in FY 27 (and annually thereafter) and OPM in FY 28 (and annually thereafter) is dependent on the number of full-time paraeducators employed by a BOE, the difference between their salary on July 1, 2026 and \$45,000, and when the minimum salary takes effect for the BOE's paraeducators. The maximum cost of \$210.9 million is based on the number of paraeducators who are employed at least half-

time and the lower of two average paraeducator salary estimates.<sup>3</sup>

**Section 4** results in a cost of approximately \$57.9 million to municipalities with boards of education employing paraeducators and \$18 million to the Office of the State Comptroller beginning in FY 27 and annually thereafter, subject to changes in the normal cost established by annual valuations. The bill requires municipalities to pay for the cost of employee contributions to the municipal employees' retirement system for the inclusion of paraeducators, which additionally increases such employer's cost to the retirement system. The Comptroller will reimburse such municipalities 50% of the employee contribution portion.

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

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of full-time paraeducators employed by BOEs and when a collective bargaining agreement is adopted containing the \$45,000 minimum paraeducator salary.

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<sup>3</sup> The estimated average paraeducator salary ranges from \$29,563 to \$37,450 (using data from the Office of the State Comptroller and the Connecticut Association of School Business Officials) and 13,664 paraeducators qualify for health insurance subsidies through the Office of the State Comptroller (OSC). Not all paraeducators who qualify through OSC are full-time, but it is expected that the majority are.