

# OFFICE OF FISCAL ANALYSIS

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## EMERGENCY CERTIFICATION

SB-298

"AN ACT CONCERNING THE REALLOCATION OF CERTAIN STATE FUNDS AND VARIOUS PROVISIONS RELATING TO EDUCATION, PUBLIC SAFETY, GENERAL GOVERNMENT, ELECTIONS, INTERMEDIATE CARE FACILITIES AND WAREHOUSE DISTRIBUTION CENTERS."

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### ***OFA Fiscal Note***

#### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 26 \$</b>	<b>FY 27 \$</b>
Office of Health Strategy; Children & Families, Dept.; UConn Health Ctr.; Social Services, Dept.; Elections Enforcement Commission; Treasurer	GF - See Below	See Below	See Below
Judicial Department	GF - Cost	20,000	None
Policy & Mgmt., Off.	GF - Savings	750,000	None
Department of Economic & Community Development	GF - Cost	330,000	None
Department of Administrative Services	GF - Cost	None	70,000
Social Services, Dept.	GF - Cost	700,000	1.9 million
Secretary of the State	GF - Savings	Up to \$150,000 annually	Up to \$150,000 annually

Note: GF=General Fund

#### ***Municipal Impact:***

<b>Municipalities</b>	<b>Effect</b>	<b>FY 26 \$</b>	<b>FY 27 \$</b>
Local and Regional School Districts	See Below	See Below	See Below

Primary Analyst: PR  
Contributing Analyst(s):

2/25/26

Various Municipalities	STATE MANDATE <sup>1</sup> - Cost	See Below	See Below
Hartford	Revenue Loss	750,000	None

### **Explanation**

**Sections 1-5** transfers funds between agencies and results in no net impact to the state. However, these transfers reduce the amount of funding available for FY 26 deficiency needs.

Section	Agency	Account	Reduction	Increase
1	DSS	Temporary Family Assistance - TANF	(3,400,000)	
2	DOL	Personal Services		1,700,000
3	SDE	Adult Education		1,700,000
5	SDE	Other Expenses	(174,000)	
5	DECD	Other Expenses		174,000

**Section 6** increases a grant to the Village Initiative Project from \$50,000 to \$70,000 in FY 26, resulting in a cost to the Judicial Department of \$20,000 in FY 26. This cost will contribute to an existing FY 26 deficiency in the Judicial Department's OE account.

**Section 7** reduces a grant to Hartford for outdoor recreation from \$3.25 million to \$2.5 million in FY 26. This results in a savings of \$750,000 to the Office of Policy and Management in FY 26 and corresponding revenue loss to Hartford.

**Section 9** provides language to direct \$1.5 million in FY 26 and \$1 million in FY 27 from the Department of Social Services Other Expenses account. PA 25-168 previously included funds for this purpose.

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<sup>1</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.

**Section 11** appropriates \$330,000 from the Other Expenses account in the Department of Economic and Community Development to provide a grant to Our Piece of the Pie. This results in a cost of \$330,000 to the state as the Other Expenses account will incur a deficiency to accommodate this appropriation.

**Section 17** allows reimbursement to Cheshire under the school construction program for ineligible costs for existing or future projects meeting specified criteria. To the extent such projects are undertaken and reimbursement is sought, the section results in potential future revenue gain to Cheshire and potential future cost to the state. The state's share of costs for the school construction reimbursement program are funded using General Obligation (GO) bonds, which are in turn repaid through General Fund debt service payments.

**Section 18** allows reimbursements for the Middlefield Memorial School construction project in Region 13 to apply a 15 percentage point increase for early childhood education to the entire project, rather limiting the increased reimbursement rate to the portion of the building used for early childhood education. It also allows reimbursement for up to \$2 million of ineligible costs for the project. This results in a potential future revenue gain of up to \$12.8 million to Region 13 and a potential future cost to the state of up to \$19.9 million. The state's share of costs for the school construction reimbursement program are funded using General Obligation (GO) bonds, which are in turn repaid through General Fund debt service payments.

**Sections 20 - 25** make various procedural and technical changes which have no fiscal impact. The sections create the Connecticut State Seal of Civics Education and Engagement, expand bilingual data reporting requirements, require an Islamic and Arab studies curriculum be made available, and create a working group to address antisemitism in public schools.

**Sections 26 - 27** result in a savings to local and regional school

districts starting as early as FY 27. The sections sunset the requirement for districts to consider admitting students to kindergarten who turn five after September 1. Districts can choose to opt out starting in FY 27 and in FY 28 the requirement is eliminated for all districts. The total savings and timing are dependent on whether districts choose to opt out in FY 27 and the number of children who otherwise would have been admitted.

**Sections 28 - 30** delay potential costs incurred by certain local and regional school districts. The sections delay, until July 1, 2030, any action that the State Board of Education (SBE) or a local or regional school district is required to take when SBE has found that racial imbalance exists in such district. This correspondingly delays, until FY 31, any costs a district would incur in order to comply with such laws.

**Sections 31 - 34** make various clarifying and procedural changes, which have no fiscal impact.

**Section 35** changes the potential uses of regional school districts' reserve funds. It allows districts to move funds previously appropriated to and currently in a reserve fund for capital and nonrecurring expenditures, to a reserve fund for educational expenditures starting in FY 27.

**Section 36** makes a clarifying and procedural change, which has no fiscal impact.

**Section 37** makes Madison eligible to participate in the Open Choice Program, beginning with the 2026-2027 school year. This results in a cost to the state and a corresponding revenue gain to Madison of \$3,000 per student annually starting in FY 27. The total impact will depend on the number of students that participate in the Open Choice Program in Madison.

**Sections 38 - 47** make various clarifying, procedural, and conforming changes which have no fiscal impact.

**Section 48** results in a cost to municipalities offering pensions

beginning in FY 27 associated with the removal of permanent and partial disability (PPD) offsets, and the inclusion of temporary total and partial disability benefits to pension calculations. The cost will be recognized in the annual actuarially determined employer contribution (ADEC) amounts for municipalities' respective pension systems to the extent permitted by collective bargaining.

State issued PPD benefits range from \$50 to \$1,220 weekly.<sup>1</sup> Under the bill, municipalities cannot deduct any amount of the awarded PPD benefit from that person's pension benefit. Approximately 5% of the retirees in the Connecticut Municipal Employees Retirement System (CMERS) collect disability benefits.<sup>2</sup> It is unclear to what extent these retirees collected PPD benefits.

The inclusion of temporary total and temporary partial disability benefits in pension calculations would increase the benefits paid out and liabilities for municipal retirement systems. The cost to municipalities is dependent on the instances where disability benefits that would not otherwise be used in the calculation are now included and the associated benefit differential.

**Section 49** requires the Comptroller to conduct a study which does not result in a fiscal impact as the agency can complete this within existing resources.

**Sections 50 - 57** allow certain employees or the Attorney General to bring a civil action in Superior Court for violations of the sections' provisions related to warehouse distribution centers, resulting in a potential revenue gain to the state. Violations may be subject to civil penalties of up to \$3,000.<sup>3</sup> These cases are not expected to result in a cost to the Attorney General or the courts.<sup>4</sup>

**Section 60** makes changes to police officer training curriculum and does not result in a fiscal impact because the Department of Emergency Services and Public Protection can meet these requirements with existing resources.

**Section 61** increases the total number of members of the State Property Review Board by two, resulting in an increased cost to the Department of Administrative Services (DAS) of \$70,000 per year beginning in FY 27.

**Section 62** advances the implementation of a new \$0.05 monthly fee on certain phone lines from January 1, 2027, to July 1, 2026, resulting in a revenue gain to the Firefighters Cancer Relief Account in FY 27. The fee is expected to generate revenue of approximately \$3 million annually beginning in FY 27.

**Section 63**, which removes provisions requiring various changes to the Fire Safety Code, results in no fiscal impact to the state.

**Section 64** results in a cost to the Department of Social Services (DSS) due to increasing Medicaid rates for Intermediate Care Facilities (ICFs) by 2% in FY 26, 3% in FY 27, and 3.3% in FY 28 with an additional 3.3% effective 1/1/28. This increases state Medicaid costs by approximately \$700,000 in FY 26, \$1.9 million in FY 27, \$3.9 million in FY 28 and \$4.9 million in FY 29 when fully annualized.

**Sections 65 - 66** preclude 1) a potential revenue gain to the Office of Health Strategy (OHS) and 2) a corresponding potential cost to the Department of Children and Families (DCF) and the UConn Health Center in FY 26. The sections exempt state-operated hospitals (including the Solnit Children's Center administered by DCF) from the OHS Certificate of Need (CON) process when increasing licensed beds for inpatient behavioral health services before July 1, 2026. The CON process includes fees that range from \$1,000 to \$10,000 depending on the scope of the project.

**Sections 67- 68** conform to federal law related to child support requirements by (1) allowing child support staff in the Department of Social Services to provide assistance enforcing orders in interstate cases not registered in Connecticut, and (2) removing the downward modification exception for individuals incarcerated for an offense against the custodial party or child. As the state's compliance

with federal child support law is a condition of receiving federal funding, including the TANF block grant, the bill avoids the potential loss of revenue due to non-compliance.

**Section 69** updates several procedures for early voting, including removing the requirement for an outer envelope, resulting in savings to the Secretary of the State (SOTS) of less than \$150,000 annually beginning in FY 26. This estimate is based on early voting participation during the 2024 presidential election (nearly 719,000 early voters) and the cost of an envelope, estimated to be less than 20 cents. The exact savings will vary depending on the number of electors who participate via early voting.

**Section 89** authorizes SOTS to commence a declaratory judgment action in court under certain circumstances, resulting in a potential cost beginning in FY 26. The potential cost is dependent on the number of declaratory judgments pursued in response to the legislation.

**Sections 96-97** limit the acceptable use of voter registration data and empowers the State Elections Enforcement Commission (SEEC) to impose civil penalties for violations, resulting in a potential cost to SEEC and a potential revenue gain to the General Fund beginning in FY 26. The potential cost to SEEC is dependent on the number and complexity of additional investigations and hearings that the agency may conduct in response to the legislation. The potential revenue gain will depend on the number of violations and the civil penalties imposed. Civil penalties are limited to \$2,000 per offense.

**Sections 8, 10, 12-16, 19, 58-59, 70-88, and 90-95** makes various changes that do not result in a fiscal impact.

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

***State Impact:*** None

***Municipal Impact:*** None

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*The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*