

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

sHB-5245

AN ACT CONCERNING FORCED ARBITRATION AGREEMENTS
AND ALLOWING CERTAIN COURT ACTIONS TO BE BROUGHT
ON BEHALF OF THE STATE.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Labor Dept.	GF - Potential Cost	Up to 384,230	Up to 524,006
State Comptroller - Fringe Benefits ¹	GF - Potential Cost	Up to 154,475	Up to 210,474
Labor Dept.	GF- Community Outreach and Workplace Account - Potential Revenue Gain	See Below	See Below
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 23 \$	FY 24 \$
Various Municipalities	Potential Cost	See Below	See Below

Explanation

The bill, which creates a method for a whistleblower to initiate an action in Superior Court to enforce certain employee protections, results

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 40.53% of payroll in FY 23.

in: 1) a potential General Fund cost of up to \$538,705 in FY 23 and up to \$734,480 in FY 24, 2) a potential revenue gain to the extent there are violations and associated civil penalties are imposed by a court,² and 3) a potential cost to municipalities to the extent that it increases the number of lawsuits to which municipalities are party.³

The bill requires that 25% of any civil penalties distributed to the state office responsible for enforcing the complaint that was the subject of the public enforcement action be deposited in the community outreach and workplace account and used by the Department of Labor (DOL) to award grants to labor or nonprofit organizations to fund outreach, education, and technical assistance pertaining to employee rights in the workplace. To the extent any such penalties are deposited in the account this results in an annualized cost of up to \$734,480 to DOL associated with establishing a new unit to handle the grant program, including \$729,780 in salary and fringe benefit costs for up to 6 positions and \$4,700 in associated overhead costs (computers, office supplies, etc.). The unit would need to develop the policies, procedures, eligibility, contracts, method of payment and reporting, and provide ongoing monitoring for the grants.

The bill allows aggrieved parties to bring an action before Superior Court over alleged violations, which does not result in any cost impact to the Judicial Department. The court system disposes of over 400,000 cases annually and the number of cases is not anticipated to be great enough to require additional resources.

The Out Years

The annualized ongoing potential state cost impact identified above would continue into the future subject to inflation; the ongoing municipal cost and revenue impacts would continue into the future

² The bill specifies percentages of any penalties recovered to be distributed amongst the relator, the Attorney General, the office of the state official responsible for the enforcement action, and the community outreach and workplace account.

³ Any cost depends on the results of a lawsuit brought against a municipal employer as a result of the bill.

subject to the number of actions initiated and adjudicated.