

OFFICE OF FISCAL ANALYSIS

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sSB-417

AN ACT CONCERNING AMNESTY FOR NONFRAUDULENT UNEMPLOYMENT OVERPAYMENTS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Labor Dept.	GF - Appropriation	50 million	None
Labor Dept.	GF - Cost	2,574,145	2,489,239
State Comptroller - Fringe Benefits ¹	GF - Cost	885,072	907,199
Department of Revenue Services	GF - Precludes Revenue Gain	None	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which establishes the Pandemic Unemployment Nonfraudulent Overpayment Program and requires the Department of Labor (DOL) to administer it, process claims, and award assistance to affected claimants, results in costs of \$3.5 million in FY 23, \$3.4 million in FY 24 and \$3.5 million in FY 25.²

In order to implement the bill's provisions, it is anticipated that DOL would require one Operations Coordinator (\$84,858 for salary and \$34,393 for fringe benefit costs), four Programs & Services Coordinators

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.

²For context, there are currently about 24,000 identified nonfraud cases, and the number will continue to increase.

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(\$77,322 for salary and \$31,339 for fringe benefit costs each), six Clerks (\$41,785 for salary and \$13,027 for fringe benefit costs each), and 30 Employment Security Intermittent Interviewers (\$51,296 for salary and \$20,790 for fringe benefit costs each). There are also associated overhead costs estimated at \$340,400 in FY 23 and \$200,900 in FY 24 and FY 25 for computers, office supplies, etc., as well as mailing costs estimated at \$50,000 annually for FY 23-FY 25.

The bill appropriates \$50 million from the General Fund for the program in FY 23 and allows up to 5% to be used to support administrative costs (up to \$2.5 million). sHB 5037, the revised FY 23 budget bill, as favorably reported by the Appropriations Committee, is under the spending cap by \$4.6 million in FY 23. The appropriation contained in the bill would result in the budget being over the spending cap by \$45.4 million in FY 23.

The bill specifies that payments made under the program are exempt from the state personal income tax, which precludes a revenue gain in FY 24, FY 25, and FY 26.³

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$	FY 27 \$
Labor Dept.	GF - Cost	2,545,198	None	None
State Comptroller - Fringe Benefits	GF - Cost	929,879	None	None
Department of Revenue Services	GF - Precludes Revenue Gain	See Above	See Above	None

Note: GF=General Fund

Municipal Impact: None

³ This assumes program payments would be fully disbursed by the 2025 income year.