

OFFICE OF FISCAL ANALYSIS

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sHB-5005

AN ACT EXPANDING PAID SICK DAYS IN THE STATE.

As Amended by House "B" (LCO 4443)

House Calendar No.: 232

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Labor Dept.	GF - Cost	112,984	203,968
State Comptroller - Fringe Benefits ¹	GF - Cost	38,768	77,537
Labor Dept.	GF - Potential Revenue Gain	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which expands the state's paid sick leave law, results in a cost to (1) the Department of Labor (DOL) of \$112,984 in FY 25 (partial year cost) and \$203,968 in FY 26, and (2) the State Comptroller- Fringe Benefits account of \$38,768 in FY 25 (partial year cost) and \$77,537 in FY 26, as well as a potential minimal revenue gain associated with penalties from violations.

In order to administer the expanded sick leave provisions, DOL would require two Wage Enforcement Agents (annualized individual cost of \$93,984 for salary, \$38,768 for fringe benefits, and \$8,000 for overhead costs).

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 41.25% of payroll in FY 25.

Section 8 of the bill prohibits the Office of Policy and Management (OPM) from applying holdbacks to personal services expenditures for wage enforcement agents within the Department of Labor (DOL) for FY 25. To the extent OPM would have applied such holdbacks in FY 25, this results in (1) additional Personal Services funds being available to DOL for that fiscal year and (2) a commensurate amount of FY 25 holdbacks being applied against other accounts or agencies.

House "B" adds provisions that (1) establish a task force to study the establishment of paid sick leave tax credits for employers that employ five or less individuals in the state, (2) require the Labor Commissioner to ensure that necessary wage enforcement duties and responsibilities associated with administering paid sick leave are performed within available appropriations for FY 25, and (3) prohibit the Office of Policy and Management (OPM) from applying holdbacks to personal services expenditures for wage enforcement agents within the DOL for FY 25. This does not result in any fiscal impact.

The Out Years

The ongoing fiscal impact identified above would continue into the future subject to inflation, number of violations, and penalties paid.