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sSB-222
AN ACT CONCERNING CHANGES TO THE PAID FAMILY AND MEDICAL LEAVE STATUTES.

## *OFA Fiscal Note*

### *State Impact:*

| Agency Affected | Fund-Effect | FY 25 $ | FY 26 $ |
|---|---|---|---|
| Paid Family and Medical Leave Insurance Authority | PLCTF - Potential Cost | See Below | See Below |
| Paid Family and Medical Leave Insurance Authority | PLCTF - Potential Revenue Gain | See Below | See Below |
| Judicial Dept. (Office of Victim Services) | CICF - Potential Savings | See Below | See Below |

Note: PLCTF=CT Paid Leave Contribution Trust Fund; CICF=Criminal Injuries Compensation Fund

***Municipal Impact:*** None

### *Explanation*

The bill, which makes several technical and operational changes to the Paid Family and Medical Leave statutes, has a fiscal impact on the Paid Leave Contribution Trust Fund (PLCTF) as outlined below.

Sections 1 and 6, which allow any federally recognized tribe in the state to opt into the program after executing a memorandum of understanding with the Governor, does not result in a fiscal impact on the PLCTF to the extent that this potential expansion would mirror the expenditure and revenue trends of the existing program.

Section 2, which explicitly requires employers to register with and submit reports to the Authority and subjects them to penalties due to noncompliance, does not result in a fiscal impact as the Authority already imposes penalties for noncompliance.

Section 2 also allows claimants covered under Paid Family and Medical Leave Insurance (PFMLI) to receive compensation from the Office of Victim Services (OVS) concurrently, which results in a potential savings to the Criminal Injuries Compensation Fund (CICF). Total payments to claimants are limited to their normal wages; PFMLI is the primary payor which reduces the compensation for lost wages that OVS may issue to a claimant from the CICF.[1] This also results in a potential minimal cost to PLCTF to the extent these benefits are paid.

Section 3, which requires the Authority to develop or approve an informational poster for display in health care sites, does not result in a fiscal impact as this can be accomplished using current resources.

Section 4, which allows the Authority to impose penalties on individuals attempting to willfully misrepresent information to receive benefits, results in a potential positive impact to the trust fund to the extent that penalties are paid and fraud deterred.[2]

Section 4 also subjects anyone who fails to make required repayments to a 1% per month interest rate on the amount owed.[3] This results in a potential revenue gain to the trust fund to the extent this increases individual repayments or results in interest payments being made. To date, the Authority has identified approximately $5.8 million in overpaid benefits, of which 81% was recovered.

### *The Out Years*

The annualized ongoing fiscal impacts identified above would continue into the future subject to inflation.

[1] In FY 23, there were approximately 1.5 million individuals covered by PFMLI. OVS paid an average of $257,200 annually in lost wages from FY 18 - FY 23.
[2] Since January 2022, the Authority has identified between 350 and 400 instances of willful misrepresentation or attempted fraud.
[3] The bill allows the Authority to recover such amounts and interest owed through a wage execution or by asking the administrative services commissioner to seek reimbursement through an income tax refund withholding.