OFFICE OF FISCAL ANALYSIS

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sSB-1002
AN ACT CONCERNING LABOR ISSUES RELATED TO COVID-19, PERSONAL PROTECTIVE EQUIPMENT AND OTHER STAFFING MATTERS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 $	FY 23 $
Labor Dept.	GF- Cost	287,942	319,529
Public Health, Dept.; Social Services, Dept.; Department of Developmental Services	GF – Cost	See Below	See Below
State Comptroller – Fringe Benefits[1]	GF – Cost	114,955	127,588
Various State Agencies	GF - Potential Cost	See Below	See Below
Social Services, Dept.; Department of Developmental Services	GF – Potential Revenue Loss	See Below	See Below
Correction, Dept; Judicial Dept. (Probation)	GF – See Below	See Below	See Below
Resources of the General Fund	GF – See Below	See Below	See Below

Note: UCF = Unemployment Compensation Fund; GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 22 $	FY 23 $
Various Municipalities	STATE MANDATE[2] - Potential Cost	See Below	See Below

Explanation

[1]The 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 41.3% of payroll in FY 22 and FY 23.

[2] 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.

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Section 3 and **Section 4** establish a $20,000 workers' compensation benefit for burial expenses and increase the current standard benefit from $4,000 to $20,000 once the bill passes and includes a rebuttable presumption provision related to COVID-19. This results in a potential cost to various state agencies and municipalities to the extent that an employee contracts COVID-19 and meets the other conditions of the bill.

Section 5 and **Section 6** of the bill expand eligibility for workers' compensation benefits for post-traumatic stress injuries (PTSI) to cover (1) emergency medical services (EMS) personnel; (2) all Department of Correction (DOC) employees; (3) telecommunicators; and (4) under certain circumstances related to COVID-19, health care providers.

The bill results in a potential cost to the Department of Corrections (DOC) to the extent that DOC employees apply for Workers' Compensation benefits and meet the conditions of the bill. For reference, there are 6,000 current DOC employees. The bill also results in a potential cost to other various state agencies and various municipalities who employ EMS personnel, telecommunicators, and health care providers to the extent that these employees apply for Workers' Compensation benefits due to PTSI and COVID-19 related conditions and meet the other conditions of the bill.

Section 7 allows terminated employees to bring an action in Superior Court over alleged violations, which does not result in any fiscal impact to the state or municipalities. The court system disposes of over 400,000 cases annually and the number of cases is not anticipated to be great enough to need additional resources.

Section 8 results in a cost to the Department of Public Health (DPH) to administer a contract(s) for the procurement of personal protective equipment (PPE) to create two stockpiles over time. The bill requires DPH to (1) pay for PPE with federal public health emergency funds, to the maximum extent feasible, (2) make PPE available, without charge, to certain entities during a declaration of a public health emergency, and (3) make PPE (within one year of its expiration) available for sale at no more than fair market value.

This is anticipated to result in a cost of approximately $55,560 in FY 22 and $57,230 in FY 23 (with associated fringe of $22,950 and $23,640, respectively) to support staff to oversee the contract. The cost to purchase PPE and resupply prior to expiration is estimated to be at least $2 million annually, which may be paid for with federal funds. The actual cost depends on the contract established and the stockpile levels determined by DPH.

Section 10 could result in a revenue gain, beginning in FY 24, associated with a $25,000 civil penalty imposed on covered providers who do not maintain an unexpired inventory of PPE required under the bill.

Section 13 results in a cost to the Department of Social Services (DSS) to administer the Essential Employees Pandemic Pay Grant Program. Grants will support employers whose covered employees were engaged in activities substantially dedicated to mitigating or responding to the public health and civil preparedness emergencies between March 20, 2020, and April 30, 2021. This is assumed to include the state and municipalities.

The grant program will be funded by an appropriation of at least 15% of unrestricted funds received by the state from January 1, 2021, to July 1, 2021, for COVID-19 relief. Based on current estimates, 15% of anticipated federal State Fiscal Recovery funds is $397.5 million. Assuming standard administrative costs of 3.2%, DSS would incur increased costs of $12.7 million in FY 22 to support a contract to administer the grant program including application review and post payment audits. The actual cost to administer the program will depend on the number of applicants and associated employees, established grant review process, and payment distribution requirements.

Section 14 requires each employer that receives a pandemic pay grant to pay (via lump sum) each of its covered employees additional compensation for each hour they worked during the covered period.

This could result in increased costs to the state and municipalities to administer such payments to employees.

Sections 15 and 17 subject employers to penalties if they violate conditions of the bill resulting in in a potential cost for incarceration or probation and a potential revenue gain from fines to the extent violations occur. On average, the marginal cost to the state for incarcerating an offender for the year is $2,200[3] while the average marginal cost for supervision in the community is less than $700[4] each year.

Sections 20-25, which require all private-sector employers to provide additional paid sick leave related to COVID-19, result in: 1) a potential cost to the Departments of Social Services and Developmental Services, 2) a potential cost to the Department of Labor (DOL) of up to $402,897 in FY 22 and up to $447,117 in FY 23, and 3) a potential loss of federal revenue.

Establishing new COVID-19 paid sick leave results in a potential cost to the DOL to administer.[5] Specifically, the DOL could need up to two additional Wage Enforcement Agents and one Staff Attorney for a total potential cost of up to $393,297 in FY 22 and up to $436,517 in FY 23, including salaries and benefits. There are also associated overhead costs estimated at up to $9,600 for FY 22 and up to $10,600 for FY 23 for computers, office supplies, etc. These costs would cease four weeks after the governor's emergency declarations expire (thus, they are

[3] Inmate marginal cost is based on increased consumables (e.g. food, clothing, water, sewage, living supplies, etc.) This does not include a change in staffing costs or utility expenses because these would only be realized if a unit or facility opened.

[4] Probation marginal cost is based on services provided by private providers and only includes costs that increase with each additional participant. This does not include a cost for additional supervision by a probation officer unless a new offense is anticipated to result in enough additional offenders to require additional probation officers.

[5] The current paid sick leave law covers employers with over 50 employees (excluding manufacturers and some non-profits) and only applies to 69 job classifications. The bill expands COVID-19-specific coverage to all private-sector employers for the duration of the pandemic, which includes an estimated 110,000 employers and 1.6 million workers.

potential costs for FY 22 and FY 23).

Sections 20-25 could result in a cost to the Departments of Social Services (DSS) and Developmental Services (DDS) associated with paid sick leave for personal care attendants (PCAs). Cost components include (1) payment to PCAs for sick leave, (2) payment to PCAs to provide necessary services to Medicaid consumers while another PCA is taking sick leave, and (3) enhanced contract costs for the PCA Workforce Council to administer paid sick leave benefits.

There are approximately 13,000 active PCAs supporting DSS and DDS Medicaid consumers paid a rate of approximately $16.25 per hour. The extent of the cost to the state depends on the number of PCAs requiring paid sick leave related to COVID-19 and the length of sick leave, up to eighty hours.

These sections also require the PCA Workforce Council to act on behalf of consumer employers of PCAs for purposes of the bill. This is anticipated to increase state contract costs to support the administration of paid sick leave benefits through fiscal intermediaries.

Additionally, since most DSS and DDS consumers with funding for PCAs are enrolled in a Home and Community-Based Medicaid waiver, the bill may also result in a potential federal revenue loss to the extent the bill's provisions conflict with Medicaid waiver requirements.

Sections 26 and 27 disregard an employer's benefit charges and taxable wages between July 1, 2019, and June 30, 2021, when calculating the employer's unemployment tax experience rate for taxable years starting on or after January 1, 2022. This does not result in any fiscal impact as costs not directly charged to a specific employer will be handled as pooled costs spread among all employers.

Section 28 increases unemployment benefits for certain claimants. This does not result in any fiscal impact as costs not directly charged to a specific employer will be handled as pooled costs spread among all employers.

Section 29 increases, from $500 to $2,000, the financial threshold used to determine whether someone's unemployment compensation fraud is a misdemeanor or a felony. This is not anticipated to have a material impact on the Unemployment Insurance Trust Fund. It results in a potential savings for incarceration or probation and a potential revenue loss to the extent fewer fines are collected and fewer violations result in incarceration or probation.

The Out Years

Beginning January 1, 2022, the standard benefit for burial expenses will be annually adjusted by the previous calendar year’s percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers in the Northeast.